DEVELOPMENT OF SMALL BUSINESS AND ENTREPRENEURSHIP - A SPRINGBOARD FOR ENSURING MACROECONOMIC STABILITY

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Annotation: Creation of normative and legal instruments to stimulate the growth and development of small business and private entrepreneurship, state support in solving daily cross-cutting issues, attraction of public and foreign investments (assets and capital) in this sector under government guarantees, advanced know-how of small firms and enterprises Acceleration and coordination by the state of innovative cooperation with Howe centers is crucial for the stabilization of macroeconomic indicators. The directions proposed in the article are focused on the prospects for improving and developing the state of small business and private entrepreneurship, which is an important attribute of ensuring the welfare and macroeconomic stability of a large part of the population due to its ability to increase efficiency and profitability.  
Key words: small business and private entrepreneurship, the state politics, a macro-economic stability, population’s prosperity

Introduction

One of the decisive factors in the economic growth of the national economic system of the country is the development of the small business sector and private
entrepreneurship. At the same time, fundamentally important tasks should be solved both for creating favorable conditions (institutional foundations) for the functioning of small businesses and entrepreneurship, and for increasing the efficiency and productivity (applied aspects) of this sector. By raising the level of development of this sector, along with ensuring the well-being of the majority of the population, it is possible to increase the sustainability of the macroeconomic stability of the country as a whole.

In the cited source [1], held under the chairmanship of the President of the Republic of Uzbekistan Shavkat Mirziyoyev on July 23 this year. At the video conference on the further development of small business and entrepreneurship, the Head of the country stated: “We will not be able to fully solve the issues of increasing employment and incomes of the population, increasing budget revenues, building only large enterprises. The most important area of work to improve living standards is to develop entrepreneurship and small business."

All of the above actualizes the consideration of the state of affairs in this sector of the national economy and the determination of the prospects for its development.

Review of the state and development of the small business sector in Uzbekistan

According to the statistics given in the source [2], the share of small business and private entrepreneurship in the country's GDP in 2017 amounted to 53.3% or 119301 billion soums, the number of workers from the total employed population of the country is 78.3%. Structurally examining the republic's economy, the following picture emerges: the share of this sector in industrial production is 39.6%, agriculture - 99%, construction - 65.1%, retail turnover - 88.4%. The share of exports in the total volume of exports of the republic is given a figure of 27%, imports - 50%, and the share of investments is 32%.

Further in this source it is noted that according to the existing legislation, small enterprises include enterprises, the maximum number of employees of which: in agriculture, forestry and fisheries is up to 50 people, in industry varies from 100 to 270 people, depending on the type of activity; in trade and services - from 25 to 50 people.

As noted in the source [1], small business and private entrepreneurship is an important factor in the development of the economy, increasing employment and incomes of the population, and, with the aim of comprehensive support for the subjects of this sphere, over 50 decrees and resolutions of the President have been adopted over the past two and a half years. In particular, the state registration of entrepreneurial activity, obtaining permits and many other procedures have been
simplified. For greater convenience, the Public Services Agency and its local centers have been established. The institution of the Commissioner for the Protection of the Rights and Interests of Business Entities (Business Ombudsman) has been introduced. In all regions of the country, the work of reception offices of the Prime Minister has been established to consider appeals from entrepreneurs. Under the Cabinet of Ministers, a State Fund for Supporting the Development of Entrepreneurship has been created, which has been allocated 200 billion soums and 50 million dollars. Lending to entrepreneurs from commercial banks has also expanded.

According to the Ministry of Economy and Industry of the Republic of Uzbekistan, the following conditions have been created recently in the republic for the development of small business and private entrepreneurship [2]:

1. The time for registering a small business is 30 minutes. To register a subject, as an individual entrepreneur, it is required to prepare only one document, and as a small enterprise with a legal entity - two documents.

2. The rate of a single tax payment, which is practically imposed on all small businesses, is 5% of the volume of goods and services sold, which is an important factor in creating favorable conditions for the development of small businesses. The current rate of a single social payment, which is levied on all types of activities of small businesses, is 15%.

3. Newly created manufacturing enterprises with foreign investments are granted the right to apply for five years the rates of taxes and other mandatory payments in effect on the date of their registration. Since 2018, small businesses with more than 1 hectare of land have been paying a single land tax.

4. Financial support for small businesses is carried out through: the issuance of loans by banks at a subsidized rate; guarantees of the State Fund for Supporting the Development of Entrepreneurial Activity to business entities in the amount of up to 50% of the amount of the loan received and the Fund's submission of compensation for interest expenses on loans from commercial banks.

5. The interests of business are protected by the institution of the Commissioner for the protection of the rights and legitimate interests of business entities. In Uzbekistan, unscheduled inspections of small business activities have been canceled, business entities are exempted from all types of responsibility that have committed financial and economic offenses for the first time;

6. In all regions of the country, centers for the promotion of entrepreneurship have been established with their deployment in the premises, where there are unified centers for the provision of public services to business entities on the principle of
"one window". Business incubators have been created for novice entrepreneurs, which provide legal and advisory support in the preparation of business plans, obtaining the necessary information.

7. All over the country, training courses have been organized for entrepreneurs on doing business, carrying out projects on the basis of privatized objects, clusters of youth entrepreneurship have been created, where young start-up entrepreneurs are provided with lease sites at a zero rate for a period of 5 years.

As of April 1, 2018, the number of operating small businesses in the republic, excluding dekhkan and farm enterprises, amounted to 238.5 thousand, against 99.4 thousand in 2001. Of the total number of small businesses, 8.2% are small businesses, 91.8% are microfirms.

In the context of industries, 9.1% of small businesses operate in agriculture, in industry - 20.9%, construction - 11%, trade and food - 34.1%, cargo transportation - 5.2% and in other areas of activity - 19.7%.

According to the source [3], based on the analysis of the dynamics of statistical indicators, there is an annual increase in the role of small business and private entrepreneurship in the socio-economic development of the country. Positive trends in this area have been achieved thanks to the implementation of comprehensive systemic measures to deepen market reforms and liberalize the economy, improve the business environment, develop competition and protect private property.

This is the general trend of development and the state of the small business and private entrepreneurship sector for this period.

Problems of small business and private entrepreneurship

Among the problems limiting the full realization of the potential opportunities of small business, given in the source [2], the following stand out.

1. More than 62% of those employed in small business in the country are engaged in individual entrepreneurship, and only about 16% are small businesses and microfirms. A low share of employed in small enterprises is noted in Navoi (11.3%), Kashkadarya (12.4%) and Tashkent (13.2%) regions.

2. In the structure of those employed in small business, 34.2% are employed in agriculture, and in industrial production - 12.7%, in construction - 11.6%, in trade - 13.4% and in the service sector - 28.1%. This structure of employment by industry indicates a low level of concentration of activities of small enterprises in industrial production and construction.

3. A high share of the number of small business entities remains in trade (26.7% of the total number or 63.7 thousand entities). In retail turnover, small
businesses and microfirms account for 20.2%, individual entrepreneurs - 69.4% of their total, which negatively affects the flow of funds to the banking sector and distorts the potential of the taxable base of small businesses.

4. In the regional context, the largest number of small businesses operates in the city of Tashkent (22.6%), Tashkent (9.6%), Fergana (8.8%) and Andijan (8.7%) regions. In these four regions, about 50% of small businesses out of their total number operate, which indicates the presence of unused potential for the development of small businesses in other regions, such as Syrdarya (3.2%), Navoi (3.3%) and Jizzakh (4.2%) regions.

Perspectives and solutions

In the source [2], among the opportunities and prospects of this sector, it is indicated that such spheres as the production of construction and finishing materials, instruments, spare parts and tools for mechanical engineering, electrical, chemical, pharmaceutical products, and many types of consumer goods, etc. An increase in the contribution of small businesses to the country's economy in the future should be expected as a result of ensuring the high attractiveness of the created small industrial zones, improving the investment climate and competitive environment, expanding the volume of public procurement in the framework of public-private partnerships with small businesses, strengthening the processes mutually beneficial cooperation of large and small businesses, attracting business entities to the development and implementation of innovations. It also notes the important role of financial support for successful and promising small enterprises that have sufficient export potential, but at the same time face a lack of capital for further development.

These measures, as suggested in the above-mentioned source, will create more productive jobs in small business, increase its opportunities for entering the markets of foreign countries, which will be reflected in the expansion of the country's export potential and growth in the welfare of the population.

In order to intensify the process of improving the business environment for the small business and entrepreneurship sector, the aforementioned meeting [1] identified and gave specific instructions to the relevant ministries and departments. In particular, among them: organization, jointly with the Ministry for the Development of Information Technologies and Telecommunications, of cooperation fairs, as well as the creation of a Unified Electronic Cooperation Exchange of Goods and Services; simplification of interdepartmental coordination of the provision of land plots and registration of buildings; reducing the consideration of applications for loans to one
or two steps along with an increase in the number of compact local banking branches with a staff of 10-15 people instead of branches with a staff of 70-100 people.

Special attention should be paid to the issues of pre-trial settlement of disputes between small business entities, considered at this meeting. As noted at the meeting, in foreign practice, 70 percent of disputes are resolved out of court, since judicial consideration is a lengthy and costly process and, in this regard, it is necessary to create structures for pre-trial resolution of disputes in government bodies that directly work with entrepreneurs. The Ministry of Justice and the Chamber of Commerce and Industry were instructed to develop, together with the Supreme Court, a draft resolution providing for the expansion of the activities of alternative arbitration courts and the institution of mediation.

Another initiative, due to the topicality of the discussed problem of the meeting, was the proposal to organize an Agency for the Development of Entrepreneurship and Small Business in the system of the Ministry of Economy and Industry. This structure is planned to be empowered to develop and implement a unified state policy in the field of entrepreneurship and small business. The agency will also coordinate the work of the State Fund for Supporting the Development of Entrepreneurship.

Conclusions and recommendations

For the implementation of the above measures, as well as for the systematic implementation of the developed state policy for the further development of the small business and entrepreneurship sector, it is necessary to make additional regulatory decisions at the level of the relevant branches of government. The formation and implementation of these regulations, considered as auxiliary measures and conditions for ensuring the systematic implementation of this policy in the field of small business and entrepreneurship, should consist of the following areas:

- it is necessary to legislate the norms and provisions for stimulating this sector. At the same time, along with the guarantees and resources provided, it is practically important to create a specialized body responsible for resolving the problems of this sector (state consulting, research and analytical agencies and centers, commissions empowered to change legislative requirements in favor of the interests of small businesses and private entrepreneurship);

- to form a coordination group under the government of the country authorized to distribute state assets and capital, as well as to attract foreign financial, intangible and other resources under the guarantee of the government for the development of the small business and entrepreneurship sector;
to organize a structure under the jurisdiction of specialized organizations, including at the universities of the country responsible for the activation and coordination of innovative cooperation of small firms and enterprises with the leading know-how centers of foreign countries on the basis of consolidating the control function of this sphere by the state.

Work in this perspective will help raise the small business and entrepreneurship sector in the country to a new level of its development, which will serve to increase the share of this sector in the republic's GDP and employment, thus acting as a springboard for ensuring macroeconomic stability and well-being of most of the country's able-bodied people.

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