

The Main Directions of State Support and Encouragement of Small Business and Private Entrepreneurship

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Abstract: *In this scientific-review article the author considers the main directions of the financial support of the state of small business and private entrepreneurship.*

Keywords: Tools of financial support for small business and private entrepreneurship, a fund for supporting the export performance of small business entities and private entrepreneurship, the recommended infrastructure for supporting small businesses in Uzbekistan, state financing of entrepreneurial activities and its main directions for increasing efficiency, the main means of state support for small businesses, the main directions of development and state support of small business and private entrepreneurship in the Republic of Uzbekistan.

During the years of independence in our republic there has been a big shift in the development of entrepreneurship in different directions and in the policy of its state promotion. In accordance with the laws "On licensing procedures in the field of entrepreneurship", "On competition", "On guarantees of freedom of entrepreneurship" and other legal acts, guarantees and conditions have been created for citizens to participate freely in the entrepreneurial activity. Also has increased business activity of entrepreneurs, intensified mechanism of protection of legitimate interests of their rights. During the current economic reforms, entrepreneurial activity is developing in our country. Every entrepreneur knows that the state is a guardian of private property rights. So entrepreneurs can invest safely in their business, expand their production, increase their output and earnings, own their property, possess and use it. In recent years, for small businesses and private entrepreneurship have been created the following opportunities and facilities:

- The term for delivery of phytosanitary findings was reduced;
- The terms of technical conditions for connection to electricity and heating networks were reduced from 1 month to 3 days;
- The transfer of buildings from residential to non-residential areas was simplified;
- As a result of reduction of leased payment for empty premises by 10% or more, 81% (of the 3650 identified to 2939) of them are leased to business entities;
- Tariffs for outdoor advertising placement were reduced from 20 to 30 per cent, and access for some rural areas were denied;
- As a result, the shares of entrepreneurs who require outdoor advertising increased to 34%;
- The cost of outdoor advertising has been reduced to 50 per cent for the Tashkent, Fergana, Jizzakh, Namangan and rural areas of Navoi;
- Fines were lowered to less than the amount set in the electricity contract, and fines to excessive costs were reduced by about 50 per cent.

During this period, a whole complex of documents was adopted, which included strengthening the legal protection of private property, forming a class of all-rounded owners in the country, strengthening the agricultural business, providing for the further modernization of the economy, and the creation of an enabling infrastructure for entrepreneurship, primarily for small businesses.

In the Laws of the Republic of Uzbekistan "On Investment Promotion" and "On Promotion of the Development of Small and Private Entrepreneurship" were provided facilities and guarantees for entrepreneurs and businessmen. In recent years, the government has adopted decrees and regulations for the further development of entrepreneurial activity, and also promotes the further activation of entrepreneurship business.

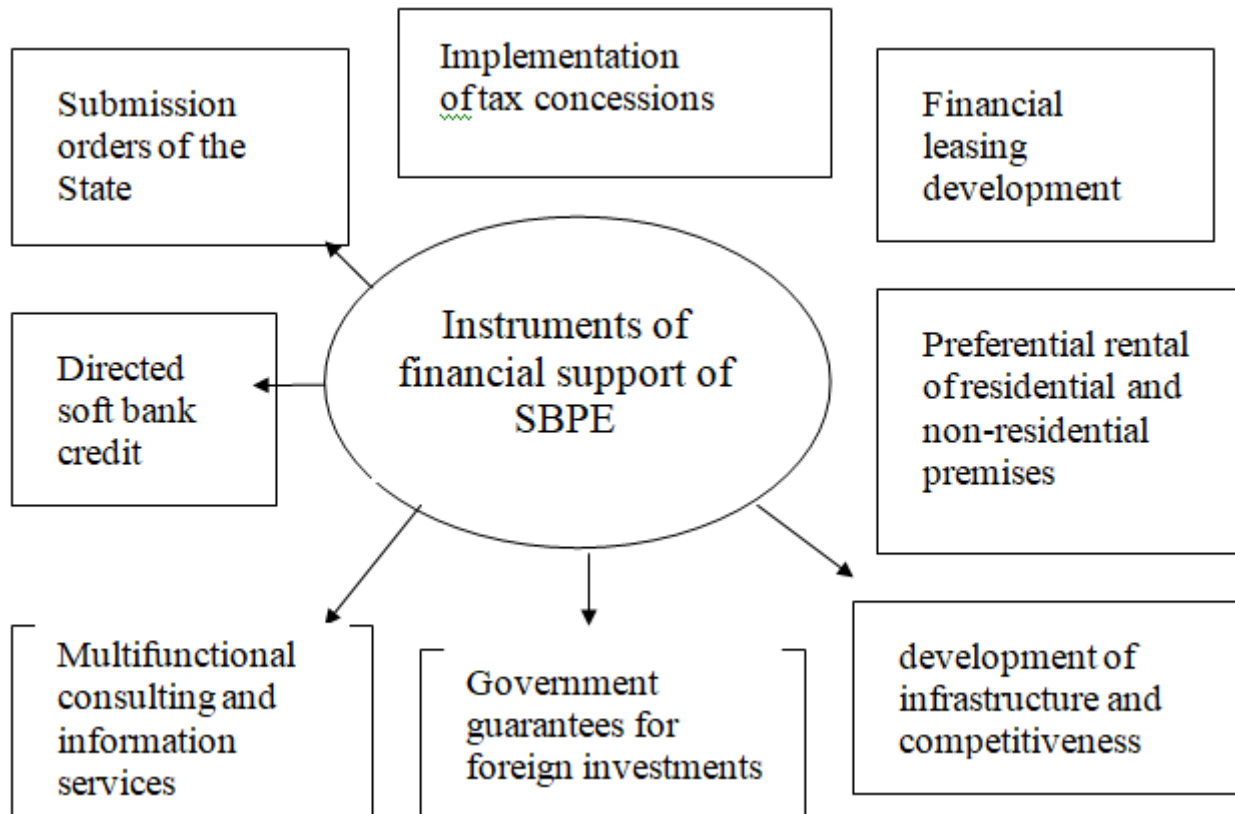


Figure 1: The most important instruments for financial support of small businesses and private entrepreneurship

Figure 1 states that institutions such as government, banks, tax incentives, optimistic leases, information services, government guarantees for foreign investment will be used to support small business and private entrepreneurship.

The financial support of SBPE will accelerate the development of small business and private entrepreneurship in our country.

These instruments are important for financial support for small businesses and private entrepreneurship.

In the conditions of modernization of the economy, it is important to look for additional incentive measures in order to ensure that every business entity in the economy is as big as possible and that the implementation of the localization program becomes a crucial task for each of them. Entrepreneurial activities are funded mainly from external and internal sources. External resources may include targeted bank deposits, stakes, stock, technology, machines, loans, trademarks and intellectual property. Internal sources are profit, depreciation charges, money savings and input of entrepreneurs.

Small business is a nutritious industry for the development of national economics. It is necessary to take into account the independence of business in entrepreneurship; fast and volatile decisions; adaptation to local conditions; existence of confidence in the population on small businesses, the possibility of consolidation of several professions; low cost of business operations; long term benefits; that are rapidly profitable.

In different countries, the legal and economic forms of relations between small and large businesses are different. Law permits business to be organized as independent forms of ownership and implemented at large enterprises. This will allow the entrepreneurs to quickly grow and fill the markets with their products. Besides, the most promising sectors of the industry for the formation of small business in the republic are the development of instrumentation, radio-electronic and, in the agricultural industry the geographical environment promotes the development of farming.

It is complicated to be aware of which forms of entrepreneurship are effective in the republic and which factories are more enduring to the agricultural industry and the numbers of employees. It takes a certain period of time to summarize the experience gained in the formation and development of entrepreneurs, and to make certain conclusions and make suggestions. For the effective development of entrepreneurship the development of the republic's economy in the following areas is appropriate: enforceability, tax system, privatization, entrepreneurial adaptation to purchaser and etc.

Small businesses require placement of large state-owned enterprises in large enterprises with a mandatory percentage of large businesses (from major contractors to the type of contract). State is guarantor in obtaining bank loans.

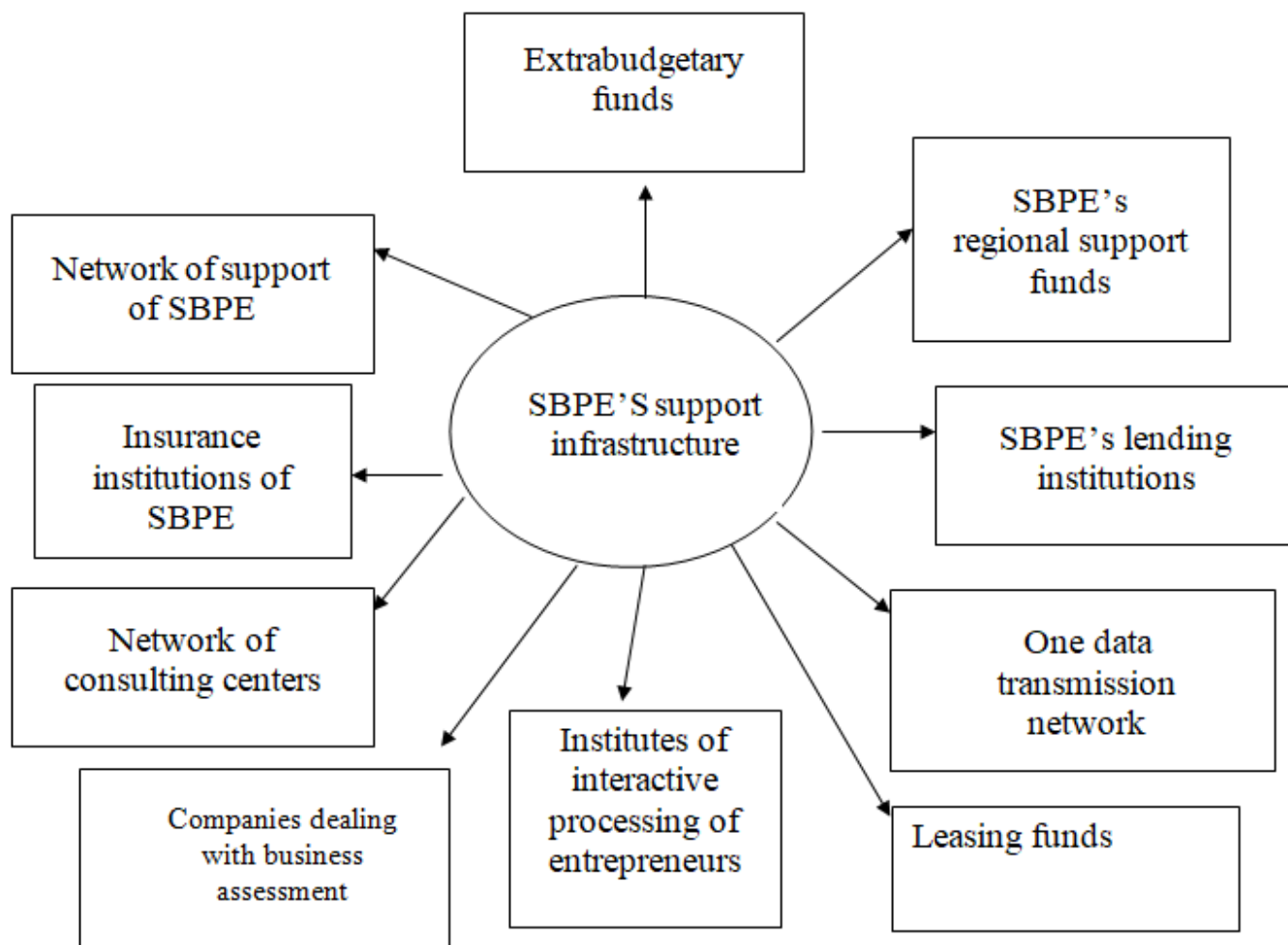


Figure 2: The suggested infrastru businesses in Uzbekistan

Therefore getting a loan for business is much simpler; small business should have tax incentives. For example, when the US taxation is summarized, it accounts for 44% of the profits: 36% national, 8% state tax. If the company increases the amount of funds allocated to the social network or the development of production, then the taxable portion may be reduced.

Special attention is paid to a state and efficiency of the measures for sharp reduction of participation of the state in economy, acceleration of development of a private property and introduction of methods of corporate management taken by the state in joint-stock companies by sale of the state assets and actions to foreign investors.

In the first half of 2016, 305 state-owned assets were sold to private property worth \$ 267.5 billion soum. Effective use of state-owned property sold to private owners on "zero" cost value as well as systematic monitoring of the full implementation of investment obligations by investors has been started.

As a result of the measures being undertaken, the share of small business and private entrepreneurship in the economy of the country is gradually increasing and this sector is playing greater role in the development of our country. Experts believe that these efforts are particularly important when the global economy is at a slow pace of development and the consumption of traditional export

markets is declining. One of the ways to overcome this situation is to encourage domestic consumption by expanding the welfare of the population, expanding opportunities for high quality and affordable local products. The strategic task in the future is to link Uzbekistan into a series of economically advanced democracies, directly linked to the 70-80% share of small business in GDP. It is important to further improve the business environment, support and encourage small businesses, eliminate barricades in the development of its subjects, for which it is necessary to use a wide range of measures to improve the legal space, to strengthen the state support and to ensure the freedom of entrepreneurial business. Small business and private entrepreneurship is developing in our country, and the government is working on the development and support of entrepreneurship and small businesses in the field. This can be found in Figure 2 above.

Figure 2 suggests creating a number of funds, institutions, and information networks to support small businesses. To date, a number of activities have been undertaken to support entrepreneurship. 2011 was declared the "Year of Small Business and Private Entrepreneurship", and the State Program was adopted. Businessmen were also given some facilitation in presenting reports. In this regard, the National Bank for Foreign Economic Activity established a fund for supporting export activity of small businesses and private entrepreneurship, which has branches in all

regions. Nowadays to entrepreneurs are given a great opportunity to export their products.

The main directions of financing of entrepreneurship activities and increasing of their efficiency by the state are as follows:

- Establishing a solid regime for foreign investments in the management of taxes, currencies and foreign trade, creating favorable conditions for privatization of foreign capital, and setting up an information system for investment projects;
- In financial and crediting spheres - the creation of the necessary conditions for the creation of credit institutions for crediting small businesses (for example, lending institutions) and expanding access to loans: processing of mandatory rules for the sale of foreign exchange earnings for entrepreneurs engaged in the export of processing products, improving the system of inter-bank accounts;
- Calculation of depreciation of fixed assets for small enterprises;
- Provision of access to centralized resources, access to information databases, ensuring social protection of entrepreneurs and consumers;
- Enhancement of support by local authorities, including tax incentives at local level;
- Establishment of the republican information system for studying the demand and conjuncture of products of small enterprises;
- Public investment of private investors from spending on small venture enterprises;
- Leasing services development;

Important attention is paid to exporting business activities. Export promotion of small business and private entrepreneurship, “Uztadbirkoreksport” company, “Uzbekzиковkatkolding” company, “Uzagraexport” joint stock company and export contracts of new and processed fruit and vegetable products a great deal of work has been done to increase delivery on the basis of contracts concluded at the International Fruit and Vegetable Fair in July 2016.

In 2016, exports of Uzbek goods were not exported, 600 enterprises were involved in export, 208 new types of products were exported. Increase in exports of fruit and vegetable products is provided. The state authorities are considered as business entities, as they have the ability to provide entrepreneurs with timely benefits, exemption, tax evasion, and consumer rights. Business activity in the country, expansion of small businesses is the result of economic reforms.

Entrepreneurship financing, state support of economic entities will provide the development of small business and private entrepreneurship. External debt financing is largely attracted to long term financing of investment projects on modernization of economic sectors, support for small businesses and private entrepreneurship. The government pays special attention to the issues of creating new jobs, ensuring employment and increasing incomes of the population. 462.5 thousand jobs were created in the first

half of 2016 as a result of systemic measures taken as a outcome of the implementation of regional programs on job creation and employment. 276.7 thousand or 59.8% of which are in rural areas. In modern conditions it is extremely important to finance state support of entrepreneurship, including small business and private entrepreneurship. In order to support entrepreneurial activity, it is possible to provide loans at reasonable interest rates, attract investments for this sphere, further expand the tax burden, make documents easier, stimulate entrepreneurial activity in our country and provide the population especially youth with new jobs at places.

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