



SUPPORTING INNOVATIVE ENTREPRENEURSHIP AND SMALL BUSINESS

Bayboboeva Firuza Nabijonovna,
Namangan Engineering and Technology Institute,
Namangan, Republic of Uzbekistan

Khamidova Kamilla Ulugbekovna
Namangan Engineering and Technology Institute,
Namangan, Republic of Uzbekistan

Abstract

The article highlights the fact that entrepreneurship cannot develop on its own, without state support and assistance. The state promotes entrepreneurship through taxes, subsidies, export benefits, its own information services, as well as free general education.

Keywords: economic reform, sustainable economic growth, entrepreneurial activity, production, government participation

Introduction

The purpose of economic reforms in our country is to achieve sustainable economic growth, improve the quality and standard of living of the population, and integrate Uzbekistan into the global economic community. In the market economy, these strategic objectives are based on the creation of conditions for the organization and development of entrepreneurial activity. Such conditions create a range of services to support small business and private entrepreneurship. First, the creation of direct production infrastructure, and secondly indirect social, market, institutional infrastructure, and the primary basis of the national economy is the qualitative improvement in the functioning of industries and institutions that support the overall conditions of production and human life. Entrepreneurship cannot develop on its own, without state support and assistance. The government encourages entrepreneurship through taxes, subsidies, export incentives, its own information services, and free general education at its own expense. Indeed, one of the main features of small business and private entrepreneurship is that this sector of the economy does not always need state support. The state supports and regulates entrepreneurship in logistics, information, technology, consulting, marketing, education, financial services and other areas. The development of small business and





private entrepreneurship is important not only in the development of the state and society, but also in meeting the growing life needs of each individual, such as in the areas of services, retail and food production. Attention and stimulation of development of small business and private entrepreneurship is one of the key strategic factors of social and economic development of the country. It is worth noting in the economic literature that the need for government support for small businesses is theoretically grounded, [1] including its support for a systematic and guaranteed economic mechanism. In the system of support for small business development in the world practice, the principle of state paternalism can be highlighted. The essence of this is that small business support comes through three models. [2] The first model is based on the protectionist idea, which reflects the experience of the developed countries in overcoming the economic crisis, and the targeted programs for supporting small businesses. The industry is supported by programs such as the Small Business Innovation Research Program (SBIR) and the Small Business Technology Transfer Program (STTR), among the most effective interventions in the United States' economy. The second model, by contrast, is a model based on free enterprise. In particular, it is worth noting that France does not accept large-scale business development programs. In the third combination model, both models are combined. This is the case with the UK. In this approach, measures to support small businesses announced at the state level are based on free enterprise.

Materials and methods

Abstract thinking, monographic tracking, statistical grouping, comparison, mathematical modeling, econometric analysis, expert evaluation and other methods. Entrepreneurship is a specific economic activity that is specific to the market system and is the main type of business that generates revenue through the creation and delivery of goods and services to consumers. Entrepreneurship creates a special system, which includes the object, the subject of entrepreneurship, the rules of entrepreneurship, ethics, business policy and its infrastructure.

Entrepreneurship is proprietary private, collective and state entrepreneurship, open and secret business in terms of business, industrial, agrarian and service business, and finally small, medium and large business. Entrepreneurs form a category of entrepreneurs with hierarchy of the lower, middle, upper (elite) and upper (super elite) classes. This category is formed in two ways: first, entrepreneurship is transmitted from generation to generation; The second route is typical of the countries in transition, and it is the same in Uzbekistan. Before independence, private entrepreneurship was prohibited. The profitability of the business is determined by





the level of profitability, which shows how much profit is earned, clearly, the effectiveness of economic activities. To find out, this is compared to the cost of doing business as a result, and then calculating how many percent of the cost of the business is worth. Analyzing the firm's performance, production and product profitability are measured. In order to increase profitability, restructuring of production, resource saving, capital structure improvement, and labor motivation will be enhanced. [3]

Results and Discussion

In addition, Uzbekistan is experiencing difficulties in occupying the leading positions on some of the criteria set by the World Bank's Doing Business 2018 (DB-2018). For example, as shown in the table below, our country ranked 168th in the international trade rating DB-2018 report. However, in the report of DB-2017 this indicator was 30 points higher. According to the DB-2018 report, Uzbekistan is ranked 135th in obtaining permits for construction in the international rating and 87th in addressing insolvency. The DB-2018 report also shows a loss of 11 points compared to last year's rating and a one-point loss in tax payments (see table).

Table 1 Changes in the position of Uzbekistan in the international rating of the World Bank's DOING BUSINESS

of Number indicator	Name of indicators	Doing Business 2016	Doing Business 2017	Doing Business 2018	Фарқи (2016-2017)	Фарқи (2017-2018)
1.	Registration of enterprises	42	25	11	+17	+14
2.	Obtaining construction permits	151	147	135	+4	+12
3.	Connection to the power supply network	112	83	27	+29	+56
4.	Registration of private property	87	75	73	+12	+2
5.	Getting credits	42	44	55	-2	-11
6.	Protection of Minority Investment	88	70	62	+18	+8
7.	Taxation	75	77	78	-2	-1
8.	International trade	115	138	168	-23	-30
9.	Enforcement of contracts	159	165	39	-6	+126
10.	Settlement of insolvency	32	38	87	-6	-49

The table is based on the data provided by the World Bank Group's Doing Business Annual Reports. It should be noted that the current problem is the presence of deficiencies in the existing legislation or various items. [4] Therefore, President Shavkat Mirziyoev has set a deadline to resolve this issue and a phased solution has



been put in place. Small business and private entrepreneurship develops private property that is the economic backbone of our country;

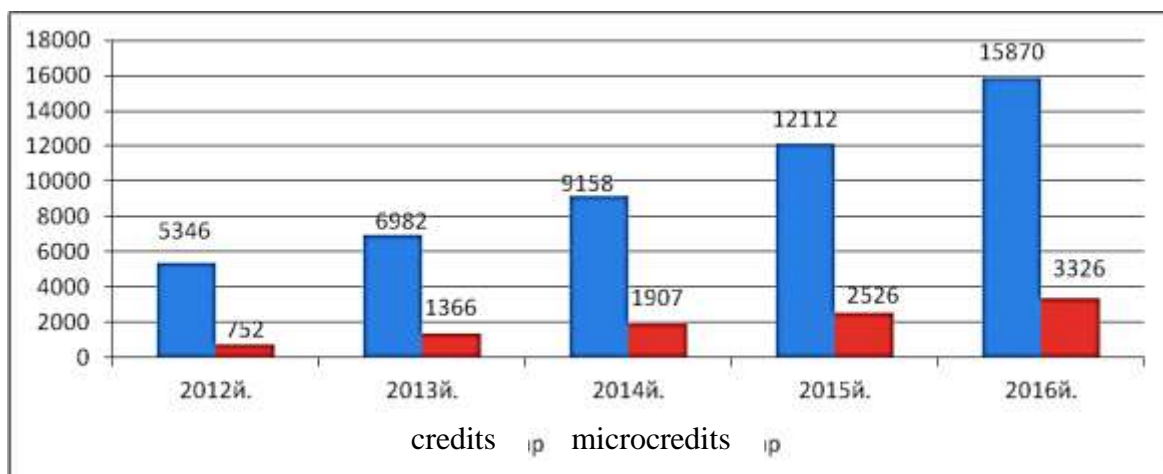
The Decree of the President of the Republic of Uzbekistan dated February 14, 2018 № 3528 "On the introduction of a qualitatively new system of public order, crime prevention and crime control in the city of Tashkent" promotes the development of entrepreneurship in the region and the population, Implementation of measures aimed at ensuring youth employment ", shows how important it is. President Shavkat Mirziyoev said: "It is clear to many: The complexity of customs procedures is one of the main obstacles to entrepreneurship.

According to the World Bank report, Uzbekistan is 175th out of 190 countries for the registration of export-import documentation. For example, if one hour in Belgium is enough for customs clearance, we have one month to do so. Imported goods are inspected individually under each customs regime. We have several such customs regimes. Why should a single luggage be checked multiple times throughout the country? Who is interested in this? Every inspection is costly! What are our finances? In addition, it is not allowed to remove goods from the customs warehouse without proper certification, hygiene or veterinary certificates, depending on the type of goods. Are not each of our customs warehouses equipped with express laboratories? How transparent and open are these processes and why the responsible authorities do not report this? [5]

Conclusion

Loans provided by commercial banks of the Republic of Uzbekistan to small business and private entrepreneurship, bln. Sums

Table 2





As can be seen from the data in Table 2, the volume of loans and microloans provided by the commercial banks of the Republic of Uzbekistan to small businesses and private entrepreneurship in 2012-2016 tended to grow.

It should be noted that there is no correlation between changes in the Central Bank refinancing rate and changes in loans to small businesses (Table 2).

Table 3 Refinancing rate of the Central Bank of the Republic of Uzbekistan, inflation rate and average annual credit rate on bank loans to small businesses in UZS [6]

Indicators	YEars					
	2011	2012	2013	2014	2015	2016
Annual rate of the Central Bank refinancing rate	12,0	12,0	12,0	10,0	9,0	9,0
Annual inflation rate	7,6	7,0	6,8	6,1	5,6	5,7
Average annual interest rate of credits in Soums to small businesses	10,1	8,4	8,6	7,9	8,7	11,2

As can be seen from Table 3, the annual inflation rate decline in 2011-2015 allowed the Central Bank of the Republic of Uzbekistan to lower the refinancing rate.

During the analyzed period, the interest rates on loans provided by commercial banks to small businesses were positive, which was higher than the inflation rate. In the case of a linear diagram, this will look like this:

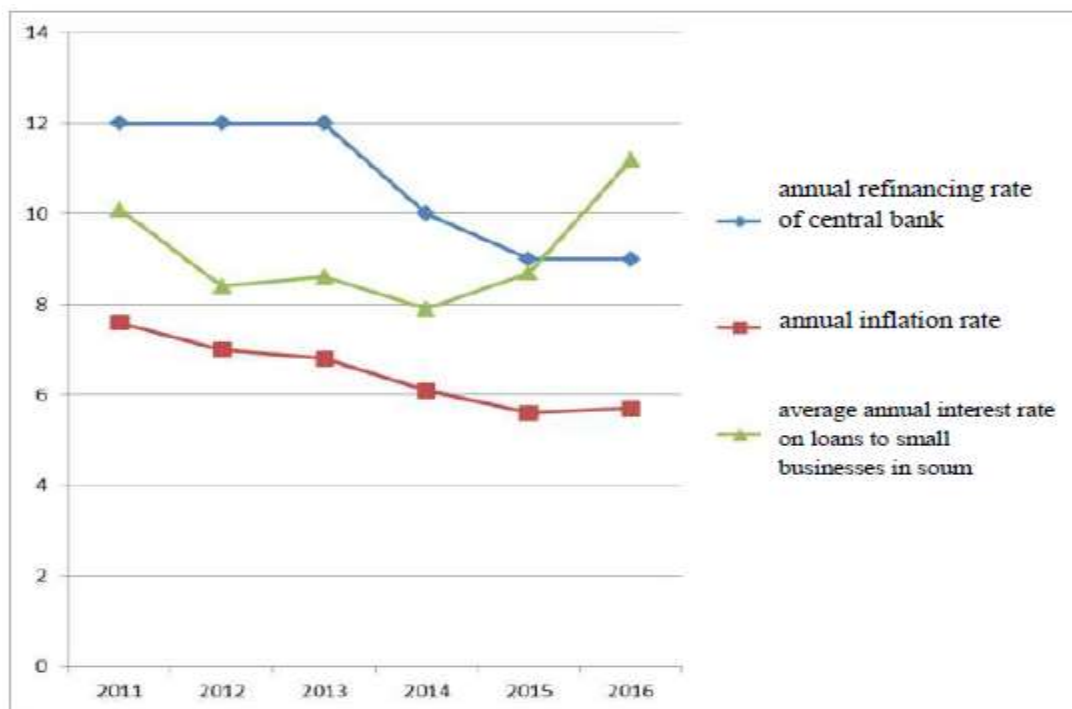


Figure 1



The Central Bank refinancing rate is decreasing and the annual inflation rate is declining. However, as can be seen from the diagram, the average annual interest rate on loans in Sums to small businesses is increasing. This is the main reason for the low availability of loans by small businesses. That is why the state support of small business and private entrepreneurship is the main support for their development.

Acknowledgement

In particular, today there is a need to improve the system of state regulation and support for the development of small business and private entrepreneurship in the country. Creation of more favorable business environment for business development in all regions of the country, granting greater freedom of entrepreneurship, small and private business due to effective functioning of private entrepreneurship, retention of a number of financial, administrative and organizational challenges in establishing and developing new private enterprises According to the need to take necessary measures to eliminate bureaucratic barriers and obstacles Law of the Republic of Uzbekistan "On the national legislation".

At the same time, a strictly limited list and types of licensing procedures required for doing business have been clearly defined. This allowed creating even more favorable opportunities for small business and private entrepreneurship development.

The new edition of the Law "On guarantees of freedom of entrepreneurial activity" was adopted on May 2, 2012. The law provides for the simplification of the procedures for establishing small businesses and private entrepreneurship, giving them more freedom to operate.

At the same time, the program clearly specifies and strictly enforces the procedures for obtaining permits for small businesses to connect or participate in construction of energy, gas, water and sewerage systems, heat supply and so on. surveillance has been established.

Indeed, in order to highlight the importance and relevance of the law developed in the development of small business and private entrepreneurship, it is necessary to look back in the recent past and find out how difficult it was for entrepreneurs to obtain the necessary permits and approvals to get started. As we all know, it is impossible to start a business without these documents. After all, a businessman must carry out his own business, follow the existing procedures, and take into account the rights and legitimate interests of others.

However, obtaining permits was a problem. Most entrepreneurs know well how much the permits are expected to be locally. They stand on the verge of agencies discolored





for a long time, different time and effort to collect the documents would be forced to spend a lot of money. The case was such that even each department issued its own internal departmental orders and regulations. Some of these regulations did not even comply with the current legislation.

The lack of transparency in the rules and regulations governing the obtaining of certain types of permits and approvals, as well as many of the issuing authorities, has created additional administrative barriers and has had a negative impact on the development of a healthy and competitive business environment in Uzbekistan. It is no secret that some officials have used the situation for their own personal gain.

Despite its positive features, the new system has failed to address a number of issues. In particular, obtaining per-window permits and approvals was limited to only four types of permits. These are:

- Construction of buildings;
- To repair buildings and to change the direction of their activities;
- Transfer of accommodation to non-residential category;
- Buildings on the land acquired at auction bidding.

At the same time, many permits and agreements, such as permits for the use of land plots, obtaining hygienic certificates, and drawing conclusions about compliance with fire safety regulations, have been ignored. Entrepreneurs could also incorporate some of these documents into their new system.

In addition, many entrepreneurs have stated that the timeframe for obtaining new permits under the new system will be longer than that required by law.

The President of the Republic of Uzbekistan adopted the Resolution of the President of the Republic of Uzbekistan dated September 21, 2005 No PD-186 "On the reduction of the types of permits and simplification of the procedure for issuing them." According to it, 12 permits were canceled, including permits for high-end retail. Another widely-used permits is the one-time license for wholesale trade.

In addition, the Law "On licensing procedures in the sphere of entrepreneurship" will be another important step towards improving conditions for small business and private entrepreneurship, which are important for the socio-economic development of the country.

Government benefits in 2018: Planned audits of financial and economic activities of businesses have been cancelled. 138 licenses and licensing requirements were simplified, 42 of which were completely abolished.

In order to eliminate barriers to land allocation for entrepreneurial activity and to eliminate systemic corruption, a procedure has been introduced for the allocation of land by electronic auction.





The order of withdrawal of land and demolition of real estate for state and public needs was abolished until the owner was fully compensated for the damage.

The procedure for full compensation of property damage to investors and entrepreneurs was guaranteed.

At the same time, starting from 2019 it is envisaged to exempt our entrepreneurs from income tax and single tax on export of goods, works and services.

The Office of the Prosecutor General is tasked with treating any illegal interference in the financial and economic activities of small businesses and private entrepreneurship as an act directed against public policy for deepening economic reforms and applying the rules of criminal responsibility against violators.

The further development of entrepreneurship in our country, the more successful our development will be. Most importantly, doing business encourages you to follow the current legislation. This will promote the legal and economic literacy and culture of the entrepreneur. When he reaches the level of moderate ownership, his political activism becomes even more apparent: his sense of involvement in democratic changes in the environment increases. And these are the economic and political bases for stability in our society. It is important to ensure national and economic security and to strengthen our difficult independence.

References

1. The system of support and development of small business in Moscow. - M.: Institute of Economics, RAS, 1998. -262 p. Shulus A. Formation of a system for supporting small business in Russia // Russian Economic Journal. -1997.- No. 5-6. P-11-14;
2. Kobilov Sh. R. Small business and private entrepreneurship are the economic and political backbone of the country. T: "Teacher", 2011. - 96 p.
3. Bayboboeva F.N. Innovation - entrepreneurial competence. European Journal of Research and Reflection in Educational Sciences. Vol.8 No.2,2020 Part II, ISSN 2056-5852, P.170Eournal of
4. <https://kun.uz/news> // Entrepreneurship issues are publicly discussed by the international press club
5. Address by the President of the Republic of Uzbekistan, Shavkat Mirziyoev, to Oliy Majlis - NUU "Uzbekistan", 2018. p.51
6. State Statistics Data of the Republic of Uzbekistan.

