

**POTENTIAL OF SMALL BUSINESSES IN UZBEKISTAN
FACTOR ANALYSIS OF GROWTH**

M. XOLIKULOVA, G. NORQUVVATOVA, N. MURODOVA
Navoiy State Pedagogical Institute, Uzbekistan

The article describes the implementation of deep structural changes in the economy, reliable protection of the interests of small businesses and private entrepreneurship, the program of ensuring the legal and practical role of private property, as well as the development of small business

The main goal of the economic policy carried out in Uzbekistan is to ensure a decent standard of living and quality of life for people, an indicator of a worthy place among the developed democratic countries. For this purpose, a well-thought-out program in the economy of the country and its implementation is one of the important issues.

The essence of this program, adopted in Uzbekistan, is to carry out profound structural changes in the economy, to ensure reliable protection of the interests of small businesses and private entrepreneurship (SCO), to ensure the legal and practical priority role of private property, and to gradually reduce state participation in the economy of Uzbekistan.

In Uzbekistan, all organizational and legal measures on access to the top 50 countries in the rating of the World Bank "Doing Business" were adopted, and the goal was aimed at further improving the business environment. "For the first time, entrepreneurs are introduced to a procedure for the return of part of the value added tax on the product they sell on the domestic market. Until now, this procedure was used only when the product was exported. On account of this, at the disposal of entrepreneurs 3.4 trillion soums or 2.5 times more than last year".

World experience shows that in crisis, the organization of an effective system of implementation of programs adopted by the state in a number of countries for the development of ICT plays an important role. As a result, in the economy of many countries, small business employs 50-70 percent of the labour-intensive population, the share of this sector in gross domestic product (GDP) is increasing to 33-65 percent (Table 1)

Graph. – The role of small business in the economy of developed countries [6]

Indicator	USA	Canada	Japan	Germany	France	Italy	England
Share in the country's GDP, %	52	43	51.6	57	49,8	55	52
Population employment share, %	50,1	47	69,5	69,3	56,6	71	55,5
Share in the number of enterprises, %	97,6	99,8	99,2	99,3	97,6	99,2	99,1

It is worth noting that the share of revenues from entrepreneurial activity increased from 47,1 percent in 2010 to 52 percent in 2019, which is higher than the indicators in the countries of the Commonwealth of independent states. As a result of the increase in population incomes, domestic consumption is growing. The retail sales turnover grew by more than 15 percent a year, while the volume of paid services by 10.3 percent. In Uzbekistan, banking, insurance, leasing, consulting and other types of services are developing at a steady pace and they serve the development of the private sector and small businesses. 80 thousand 400 small business entities operate in the service sector, which accounts for more than 80 percent of the total number of enterprises in the service sector.

The current result of the state support of NGOs in the country can also be based on the data of the rating of international economic organizations. In particular, in 2017, according to the rating of the World Bank, "Doing Business" Uzbekistan only increased by 16 points a year and took the 87th place, the 32nd place in terms of ensuring the execution of contracts concluded, the 75th place in terms of efficiency of the banking system used in relation to economically disadvantaged enterprises. According to the indicator known as "lending to small businesses", Uzbekistan has increased from the 154th place to the 42nd position in the last three years and will

improve its rating to the 63rd position last year. Recognition of the fact that Uzbekistan is ranked among the top ten countries in the world that have achieved the best results in the field of improving the business environment for entrepreneurial activity in the following years is an important basis for assessing the results of its activities [2].

The participation of all elements of the national economy in ensuring sustainable development and supporting the activities of enterprises in market conditions plays an important role. The effective use of the economic dimension of support for SMEs affects entrepreneurial activity as an internal driving force and becomes part of it. Economic mechanism is a holistic system consisting of such supports as tax, Public Procurement, license, subsidy, credit, price control, investment and export. At the same time, " we are seriously changing the procedures for licensing and issuance of permits-an area that many entrepreneurs are suffering from. It must be said openly, among the existing 280 licenses and permits, there are also those that have been introduced to maintain, fund or simply control the account of types of activities. And this is the reason for the rightful dignity of entrepreneurs. For this reason, the Ministry of Justice, trade and industry chamber, business Ombudsman until March 1, 2020, after a radical revision of the basics of issuing licenses and permits, should submit a clear proposal to reduce their number to at least 2 times"[1].

The effective implementation of this system is due to the multifaceted processes of economic development, manifested in the growth of the share of the CPSU in the GDP, in the participation in structural changes in the economy, in the improvement of the standard of living and quality of the employed population.

It is known that the economic development of society is a very multifaceted process, which includes economic growth, structural changes in the economy, improvement in the quality and conditions of life of the population. It never happens on a straight, upward line. Economic development involves periods of upheaval and crisis, quantity and quality changes in the economy, leading to the pros and cons goes uneven.

Today, the sharp decline in demand in world markets, along with the increasing competition, the decline in production rates is also causing significant problems in the field of ICT (Figure 1).

World experience shows that the introduction of many innovations into the activities of small businesses in developed countries, technical and technological re-equipment of production processes are considered as an important factor in increasing the competitiveness of the economy.

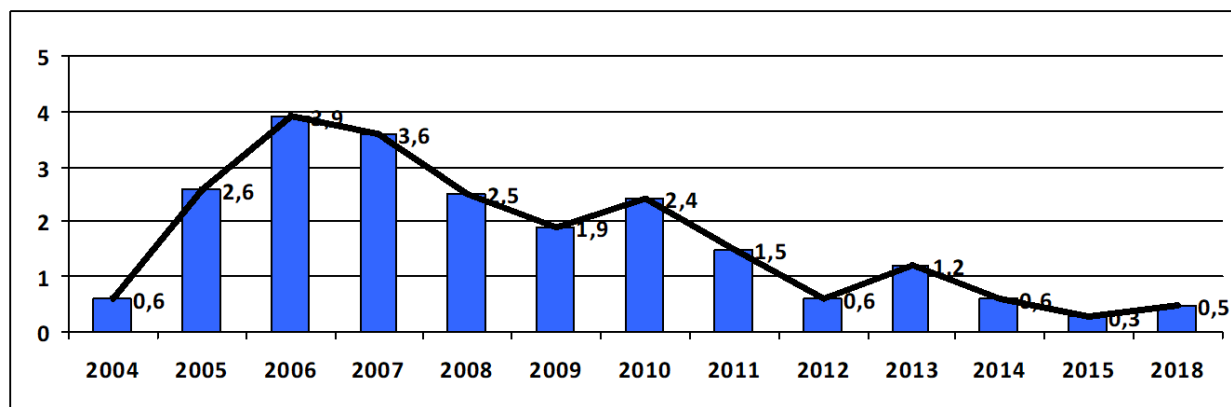


Figure 1. – The dynamics of annual changes in the share of small business in the economy of Uzbekistan, %.

The modernization and innovative development of small business activity is one of the important tasks of today at a time when the economy of Uzbekistan is growing steadily and the macroeconomic balance is maintained. The total cost of modernization of production, technical and technological re-equipment in the country for 2017-2018 amounted to 42.5 billion. The development of a program for the implementation of more than 327 projects in excess of the US dollar, the implementation of which today in itself, demonstrates that this process is increasingly deepening, and requires an improvement in the methods of assessing and measuring the innovation potential of small businesses.

Based on the results of our scientific research, we can say that the level of knowledge of employees working at the enterprise, the financial and economic supply of the enterprise, the composition of production and the level of use of scientific and technical resources determine the innovative potential of small enterprises.

Economics

The researchers recommend the following method, which is effectively used in assessing the innovation potential of small scale businesses in a particular area under study [4].

$$Z = \sum_{i=1}^M Z_i, \quad (1)$$

here Z-the result is always a coefficient between 0 and 1, characterizing the innovative potential of the enterprise;

Z_i – the potential of the i-group of innovative potential;

M-number of potential structural groups of Small Enterprise Innovation;

Z_i - is determined as follows:

$$Z_i = \sum_{j=1}^m s_j \cdot n_{ij}, \quad \sum_{j=1}^m s_j = 1, \quad (2)$$

here n_{ij} - J-index of the i-group, which represents the innovative potential; s_j - J-coefficient of significance of the indicator; m-the number of indicators of the i-group of the innovative potential.

This methodology provides an opportunity to compare the innovative potential of several small enterprises in a given region. Therefore, they call this method of calculation in a static way.

Innovation capacity can also be determined in a dynamic way. We can calculate the coefficient n by comparing the resultant state of the indicators of only one enterprise with the previous one, that is

$$n = 2^{-\frac{k_t - k_{t-1}}{k_t}}, \quad (3)$$

here the value of the k_t – k indicator for the current year;

the value of the k_{t-1} – k indicator in the previous year.

If the indicator k is an indicator expressed in money, then we will make the correction as follows on the calculation of the inflation rate:

$$n = 2^{-\frac{k_t - k_{t-1}(1+d_t)}{k_t}}. \quad (4)$$

D_t is the official rate of inflation.

According to this method, it will be possible to calculate the innovative potential of some small scale enterprises operating in various sectors of the economy.

It should be noted that according to the so-called "new business support" criterion, Uzbekistan at the same time occupies the 42nd place in the world. The most important aspects of the support of the sector are investment, tax, credit and exports in the economy, which is inextricably linked with the state policy that is being consistently implemented in our country.

In our opinion, the result of the analysed cases means that there is a need to improve the economic rationale of state support on the basis of mastering the skills of studying entrepreneurship in the external market order, the implementation of fiscal and monetary policy that regulates the internal environment of the enterprise, the creation of self-regulation of the existing state

Significant measures are being taken to further improve the business environment in the new period of Uzbekistan's development, including:

- In 2020, tax types were reduced from 13 to 9 units. The period of payment of taxes has been reduced to allow for the issuance or payment of held-to-be;

- if the excess tax paid by entrepreneurs is not returned in its term, interest is paid to it from the budget at the basic rate of the central bank;

- In 2020, a new system will be introduced to provide entrepreneurs in each region with open and truthful information on land plots, which will provide an opportunity to obtain a complete map of the vacant land areas, buildings and structures necessary for the functioning of the Entrepreneur, their values and Conditions online at any time and in the territory.

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