
**ROLE OF THE GOVERNMENT SUPPORT IN THE DEVELOPMENT
OF SMALL AND PRIVATE ENTREPRENEURSHIP**

Maripova Shahlo Akramovna

Doctoral candidate, Westminster International
University in Tashkent Republic of Uzbekistan
maripovamaripova@gmail.com

Abstract

Since the development of small business is approved as one of the strategic goals of the national economy of Republic of Uzbekistan, this article aims to discuss the government's contribution in the development of small business sector of the national economy of the country in the example of State Fund for Support of Entrepreneurial Activities and credit support.

Keywords. State support, loan, small business, GDP share, consumer demand, economic policy, private entrepreneurship, economic growth, competitiveness.

Introduction

The state pays great attention to the development of small and medium-sized businesses. Since these types of businesses are characterized by a fairly rapid turnover of small amounts of capital, they form the basis for the existence of the middle class in developed economies. One of the key priorities that determine the strategy of economic security at the present stage is the development of small and medium-sized businesses. Small business today is one of the leading sectors and determines the quality and dynamics of economic growth, the quality and structure of gross domestic product. By participating in the socio-economic development of the region, small and medium-sized businesses ensure its competitiveness and stability, which, ultimately, is an integral part of ensuring the economic security of the region.

In the developed countries of the world, small business and private entrepreneurship activities are being rapidly developed as a strategic task of economic policy. 55-67 percent of the gross domestic product of developed countries in the world is accounted for by small business and private entrepreneurship. This indicator is 52-55% in the USA, 52-57% in Japan, 63-67% in the EU countries. 17.1 million working in the private sector in Western European countries. 90.9 percent of enterprises are small business enterprises. They account for 50% of the total industrial volume, 67% of the service sector,

and almost 90% of construction and trade. However, about 30-40 percent of the exports of developed countries in the world are accounted for by small businesses and private enterprises. This figure is 30% in the USA, 27% in the EU countries, and 15% in Japan. These numbers illustrate once again the importance of comprehensive support for small business by the government.

Analysis and results

At the present stage of strategic transformations in the Republic of Uzbekistan, an important role is given to the formation of a civilized small business market, which can largely become a source of stimulating the population's demand for goods and services, creating new jobs and increasing employment of the population, increasing the level of their well-being and additional impulses for economic growth.

According to Harvard University analysis, Uzbekistan is capable to produce more than fifty types of industrial products. In the role of national economy's drivers can be such sectors of industry as oil, gas, metallurgy, chemistry, pharmaceuticals, textiles, leather production, food and mechanical engineering.

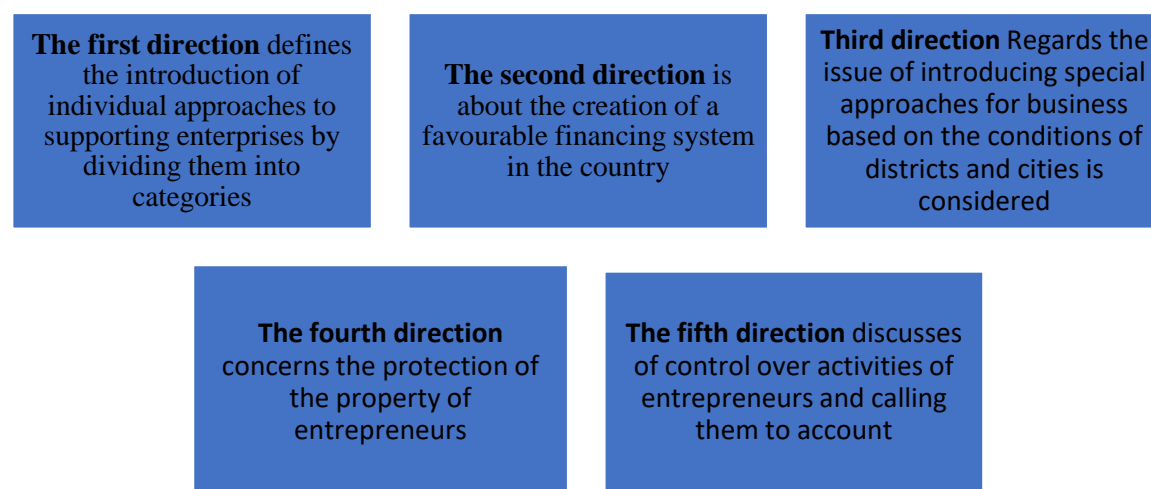
The special role in small business development in Uzbekistan is given to State Fund for Support of Entrepreneurial Activities. The Fund's main goals are the following: improve business environment and local entrepreneurship within the country; assist in increasing of country's export volume; contribute to the opening of new job places while developing small business; develop small business niche in the country; provide financial aid for development of information systems.

The Fund provides several types of financial support for small and private business entities. As for compensation and guarantee services, they are given only for leases of commercial banks in national currency. The Fund offers compensation service for up to 3 years to cover part of the interest in excess of the main rate of the Central Bank (but not more than 30% of rates) for loans and leasing allocated for small business projects. The loan amount should not exceed 5 billion UZS, and the interest rate on it should be 1.5 times the main rate of the Central Bank. Moreover, it provides guarantee assistance up to 50% of allocated loans, but the total value does not exceed 2.5 billion sums.

Until January 1, 2025, the fund will also be able to provide a guarantee for up to 75% of the loan, the amount of which should not exceed 2.5 billion UZS. Leading small enterprises assigned to mahallas to assist in the development of small businesses and family entrepreneurship on the basis of cooperation in remote and hard-to-reach areas and areas with excess labor resources, as well as projects for

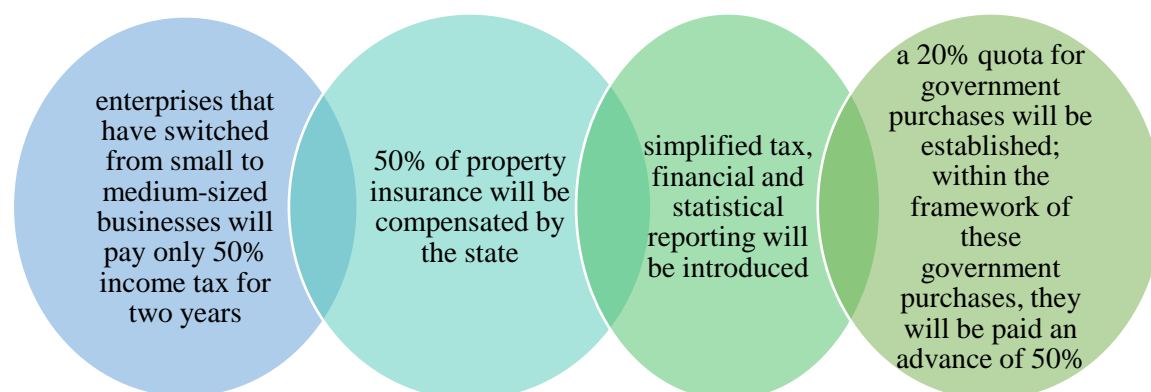
the development of home-based work, can count on receiving it. Compensations and guarantees of the fund are provided for loans and leasing issued exclusively in national currency. Financial assistance applies exclusively to one project of one entrepreneur.

On August 22, 2022 the President Shavkat Mirziyoyev held an open dialogue with entrepreneurs. During the dialogue, the head of state outlined five main directions and put forward many initiatives for each of them, which are schematically presented below in Pic. 1.



Picture 1. Five main areas to support small and medium-sized businesses in 2022-2023 yy.

Along with that, the President pointed out the need to increase the number of fast-growing medium-sized enterprises from the current 3,500 to 10 thousand. To this end, from January 1, 2023, the following benefits are provided to medium-sized businesses, as shown in Fig. 2.



Picture 2. Benefits provided to small and medium-sized businesses in Uzbekistan in 2023

To determine priority areas of reforms aimed at further improving the well-being of the people, transforming sectors of the economy, accelerating the development of entrepreneurship, unconditional ensuring human rights and interests On January 28, 2022, the Decree of the President of the Republic of Uzbekistan “On the Development Strategy of New Uzbekistan for 2022-2026” was adopted. Within the framework of goal 29 “Creating conditions for organizing business activities and forming permanent sources of income for the population, bringing the share of the private sector in the gross domestic product to 80 percent, in exports to 60 percent,” the following areas of action were identified, as indicated below:

- annual holding of an “open dialogue” meeting between the President of the Republic of Uzbekistan and entrepreneurs;
- creation of 200 new industrial zones in the regions and development of a system of business incubators;
- development of factoring services based on the translation of foreign experience;
- reduction of the tax burden on business entities from 27.5% to 25% of GDP until 2026;
- improving structures in the regions to reduce unemployment and poverty;

- ensuring free access to information necessary to start doing business;
- reducing government involvement in the economy and expanding conditions for the expansion of the private sector.

To implement the Development Strategy of New Uzbekistan for 2022 - 2026, reduce poverty by half by achieving inclusive and stable economic growth, ensuring competition in the economy, creating equal conditions for business entities, accelerating a full transition to market relations, increasing the competitiveness of the national economy, as well as sharp increase volume of private investment and further strengthening the confidence of the business community, the Decree of the President of the Republic of Uzbekistan dated April 8, 2022 “On regular reforms to create conditions for stable economic growth by improving the business environment and developing the private sector” was adopted.

Conclusion

For the successful development of the country’s economy, the state needs to provide assistance to small and medium-sized businesses, since they are active subjects of the country’s market. This is due to the fact that small and medium-sized businesses, unlike large companies, do not have enough of their own capabilities for their development.

To conclude, it should be stated that the state is directly interested in the development of small and medium-sized businesses. Small and medium-sized businesses play an important role in a modern market economy. Small and medium-sized enterprises create new jobs, contribute to increased competition, filling a niche and working mainly in places where big business is reluctant to operate. More than a quarter of the country’s total GDP today comes from small and medium-sized businesses. Due to mobility, flexibility, and an innovative approach, small and medium-sized enterprises are able to quickly adapt to changes in consumer demand, find your market niche, quickly produce new products in small batches. They have low operating costs, create a rational structure of organization and management, constantly search for unconventional solutions and new ways of action, and are characterized by initiative and enterprise.

References:

1. www.statefund.uz
2. Хамраев О.О. О мерах по поддержке малого и среднего бизнеса в Республике Узбекистан в 2022-2026 годах. Science and Education. March 2023 / Volume 4 Issue 3
3. www.stat.uz
4. Марипова Ш.А. Проблемы организации маркетинговой деятельности у субъектов малого бизнеса. “Prospects of development of science and education” Scientific and practical conference (September 2023), pp 182-187.
5. Хонкелдиева, Г. Ш. (2018). Развитие промышленных предприятий в Республики Узбекистан. Т.: Иқтисодиёт ва таълим.
6. Салимов А. А. Проблемы и перспективы развития малого бизнеса и частного предпринимательства в Республике Узбекистан // Бюллетень науки и практики. 2022. Т. 8. №5. С. 462-466. <https://doi.org/10.33619/2414-2948/78/54>
7. Солдаткина, О. В. Экономика и управление малым бизнесом : учебное пособие / О. В. Солдаткина. — Москва; Берлин : Директ-Медиа, 2021. — 327 с.
8. Role of business and private enterprise in national economy of Uzbekistan. “International Conference on Developments in Education”, Amsterdam, 22nd September, 2023.