



ISSN: 2350-0328

**International Journal of Advanced Research in Science,  
Engineering and Technology**

**Vol. 6, Issue 10, October 2019**

# **Economic directions of supporting small business**

**Qo'chqorov G'aybulla Fayzullaевич dots., Omanov Rustam Farmanovich**

Head of chair "Economy and service" Karshi State University  
Candidate of economic sciences Associate professor of chair "Economy and service" Karshi State University

**ABSTRACT:** The current stage of development of the national economy, supporting small business is very important for developing economical reforms. It's obvious from world experience that more advantages of small business than large organizations. Namely, quickly being introduced innovations, to organize for less financial resources, exclusive producing goods and etc.

Small businesses are characterized by a high degree of adaptability to the current economic conditions, many social problems are also solved in establishing and developing small businesses. But using all of opportunities small business, in the transition to modern market relations, it is necessary to provide all types of resources for entrepreneurial activity.

The purpose of the work is to research the problems of supporting small businesses in the regions of Uzbekistan. The article presents the problems faced by small businesses in the financial credit market, including financial-economic conditions.

The state has analyzed the main directions of its development in support of small business and identified measures to address existing problems.

**KEY WORDS:** small business, entrepreneurship, developing, financing.

## **I. INTRODUCTION**

In the modern stage of socio-economic development, small business occupies a large place the gross domestic product of all developed countries.

Economic policy of the Government of Uzbekistan is a priority for supporting small business, cause sustainable activities in this area improve the living standards and welfare of the population by providing employment, quickly solve the problems of creating an efficient competitive environment in the economy.

The importance of small businesses is determined by the following factors:

- small business share in the total number of economic entities in the country;
- the share of small business in the country's GDP;
- the amount of tax revenues paid by small businesses to the state treasury;
- create new jobs for the population;
- providing the demand of the population with various goods and services;

It is clear from the economic literature that the principles of entrepreneurship apply to all business entities, including large, medium and small businesses.

Experience of developed countries shows that small and medium-sized businesses produce the largest share of GDP and create the largest share of jobs.

According to the Uzbek Statistics Committee, the share of small business in developed market economies is more than 60% of GDP. There are 262930 small and medium-sized businesses in Uzbekistan and they are 59.4% of GDP.

The main indicators of small business in 2018

No		Scale	2017 year	2018 year	Difference (+/-)
1.	Number of small businesses and microfirms	singular	229666	262930	33264
2.	Newly established small and microfirms	singular	38167	48922	10755
3.	GDP	%	63.6	59.4	-4.2
4.	Industry	%	41.2	34.7	-6.5
5.	Agriculture, forestry and fisheries	%	98.1	98.1	0
6.	Investment	%	34.8	34.9	0.1
7.	Construction	%	66.2	66.6	0.4
8.	Trading	%	88.3	86.3	-2.0
9.	Service	%	58.4	55.2	-3.2
10.	Carrier service	%	54.2	54.4	0.2
11.	Passenger transportation	%	90.1	90.8	0.7
12.	Export	%	22.0	26.5	4.5
13.	Import	%	53.6	55.8	2.2

1<sup>st</sup> pic. Indicators of small and medium businesses in GDP

In 2018, there were 262930 small enterprises operated in Uzbekistan, in the reporting year 48922 small enterprises were reorganized and the number of operating entities increased by 33264 compared to the previous year. The share of small business in GDP was 59.4% and it was 4.2% less than last year's 63.6%. In 2018 the number of newly established small businesses and micro firms increased by 28.2% compared to the previous year, the largest sector was trading 11713 - 23.9%, industry - 11,262, or 23.0%, construction - 6,660, or 13.0% - agriculture, forestry and fishery - 5586, 11.4%, living and eating services - 3891- 8.0%.

In 2018 newly established small enterprises and micro firms was the largest number of 12071 in Tashkent and the least number of Syrdarya region – 1354.

In January-December 2018, the highest number of small business entities by region was in Tashkent - 23.9 units, Syrdarya region - 18.0 units, Jizzakh region - 16.9 units, Tashkent region - 15.3 units, Navoi region - 14.1 units and Kashkadarya region. in Bukhara, Andijan, Khorezm, Ferghana, Karakalpakstan, Samarkand and Namangan regions. In Surkhandarya region this indicator remains low at 8.7.

If in January-December 2017 the number of small businesses (per 1,000 population) was 12.4 units, in 2018 this indicator reached 13.2 units, which is 0.8 units higher than in 2017.

In January-December 2018, the share of small business in the economy in industry was 34.7%, in agriculture, forestry and fishery - 98.1%, in construction - 66.6%, in investment - 34.9%, in trade - 86, 3%, export - 26.5%, import - 55.8%, and services - 55.2%.

In terms of regions, the highest share of small business in GRP was registered in Jizzakh (84.3%), Samarkand (80.0%), Bukhara (79.8%), Surkhandarya (79.4%) and Namangan (79.0%) provinces. In Navoi region this indicator remains low (42.4%).

In January-December 2018 small business entities:

- industrial production - 79457.7 billion or 110,2% to the level of January-December in 2017;
- the volume of used investments 37504.6 billion amounted to 120.4% compared to January-December 2017;
- 31458.4 billion worth of construction works were carried out and growth rate compared with January-December 2017 was 112.2%;
- 81040.6 billion. soums worth of services were rendered and growth rate for January-December was 102.5%
- 86.3% of total retail trade turnover, or 113682.5 billion soums was formed;
- 3771.4 million USD exported products, this represents an increase of 1012.1 million USD compared to 2017. or by 36.7%;
- in road transport the freight turnover increased by 5.6%
- passenger turnover increased by 3.1%

Analysis of surveillance data of the State Statistics Committee of Uzbekistan shows that 29.7% of respondents in the construction sector believe the economic situation is favorable and 54.9% are positive, in trade - 33.4% and 49.1%,



ISSN: 2350-0328

## International Journal of Advanced Research in Science, Engineering and Technology

Vol. 6, Issue 10, October 2019

in the services sector - 27, 2% and 56.4% indicated that they were in agriculture, forestry and fisheries - 21.2% and 59.4%, industry - 24.4% and 53.6%. The pessimistic approach to the economic situation was industry - 22.0%, construction - 15.4%, agriculture, forestry and fisheries - 19.4%, services - 16.4%, trade - 17.4%.

Improvement of the economic situation is expected in the next three months, industrial enterprises - 61.3%, trade - 66.6%, services - 69.6%, agriculture, forestry and fishery - 64.6%, construction - 52.7%.

Based on the analysis, as a result of measures taken to improve the business environment for newly established small businesses and micro firms, it is concluded that respondents positively assess the overall economic situation in the near future.

In our view, one of the main reasons for the improvement of the overall economic situation is the gradual removal of administrative and economic barriers. For example, in the course of business, small business owners face with conjuncture changes in market conditions. There will be no quick data on changes that have occurred during this period.

At the same time, the increasing opportunities for earning money in the Internet have led many entrepreneurs to want to work without having to register their businesses and thus avoid taxation.

Factors which can hinder the development of small business are:

- problems of finding products market for selling;
- high costs for energy sources, ownership or rent of land;
- limited and high cost of financial resources;

In addition, small businesses play an important role in the development of an innovative economy, attracting investment in high-tech, high-tech industries.

Most small businesses are trading way, but in developed countries, up to 6% of small businesses are engaged in the development of new scientific and technological innovations. They mainly use government subsidies, additional financing and other assistance. Focusing on the innovative direction of small businesses will provide the basis for large technical enterprises and contribute to the development of the national economy as a whole.

In the current economic environment one of the priorities of public administration bodies should be popularization of interest in doing business. It is important not only to create a new generation of entrepreneurs, but also to assist in the modernization of the economy by creating opportunities for small businesses.

At the present stage of economic development, the key elements of supporting small and medium-sized businesses are:

- development of feedback mechanisms, public monitoring of decisions;
- expansion of youth entrepreneurship support programs, creation of benefits for opening new businesses;
- popularization of best practices in mass media for the support of small and medium-sized businesses at national and regional levels;

Also, the positive results of financial support for small and medium-sized businesses are:

- canceling of financial penalties and sanctions on small businesses;
- stabilization of inflation;
- lowering the refinancing rate of the central bank;
- targeted financing for medium and long-term lending to small businesses;
- extension of the guaranteed support mechanism.

### REFERENCES

1. STRATEGY OF ACTIVITIES on the five priority areas of development of the Republic of Uzbekistan in 2017-2021, № 4947, February 7, 2017.
2. Statement of the President of the Republic of Uzbekistan Sh.Mirziyoev to the OliyMajlis. December 22, 2018
3. "Regional mechanism of financial and economic support for the needs of small businesses" R.F.Omanov. Tashkent 2009. 50 pages
4. Management in the service (M.V. Vinogradova, O.V. Kaurova, A.N. Maloletko, A.A. Larionova, I.V. Mukhomorova, E.V. Povorina, I.A. Suslova, V.S. Shlapak, O.S. Yumanova.– M.) Khorus, 2016
5. <https://www.uzstat.uz>