

The Importance of Small Business in a Market Economy

Amonov Mirzohid Tuymuratovich

Abstract

The article discusses the importance of small business in a market economy. Small business enterprises in all countries of the world are the foundation of the national economy. The rate of growth of the gross national product at a decisive level depends precisely on them, in fact, the level of welfare of the population is also determined by how much it has developed.

Keywords: small business, market economy, small business enterprises, national economy, the rate of growth of the gross national product



Introduction

It is known that as in all other former Union countries, which have gained independence since the 90s of the last century, a modern economic system-a market economy - began to be formed in the Republic of Uzbekistan. For this purpose, it is important to re-improve the existing social and economic sectors through private ownership relations, entrepreneurship and decision-making of the competitive environment, which determine the basis of the new economy in the country, to expand the system of production of import-substituting products for the domestic market of the country in place of a unilaterally developed dependent economy,

In many countries oriented to the market economy, small scale entrepreneurship actively participates in the activities of export markets, contributes to the growth of gross domestic product (GDP) and forms the basis of the economy, ensuring the employment of the vast contingent of employees. More than half of the working - class population works in the same area this sector produces 50-67 percent of the entire product.

Main part

Uzbekistan has not yet reached these figures. This shows that the potential opportunities of small business development in Uzbekistan have not yet been exhausted and long and hard work is needed to achieve the indicators of developed countries.

They reflect on the entrepreneurial climate of the country, first of all, on the state of affairs in the field of small business. It plays a key role and is the backbone of the economy tax. In their opinion, this is a reflection of the conducted economic reforms in the mirror, a guarantee of stability of the processes of the market economy.

Let's take Japan, which is famous for the world with its "Panasonic", "Toshiba", "Mitsubishi", "Seiko" corporations. These corporations do not fully define the economic face of the country. To the general economy of Japan, they make only one part, while 99 percent - these are small enterprises. Not only do they work successfully in the Japanese economy, but also form a strong competition to the industrial giants, which without a doubt could not become famous all over the world without their small partners. In Japan, almost 40% of the products of large corporations are executed by subcontractors, which consist of small enterprises.

Americans say that large corporations become the backbone of the economy, while its muscles say that the floor is a small company that moves business. For example, the company "General Electric" is associated with 45 thousand firms of subcontractors, which are mainly small enterprises.

From this, the economic solvency of any countries the role of small scale business is enormous. In other words, it is a measure of the successful development and prosperity of the state. Therefore, special attention is paid to promoting the development of small business, farmer and peasant farms, individual entrepreneurs in Uzbekistan.

So what is the role and importance of small scale enterprises? These, to put it briefly, are manifested by the following factors:

- small enterprises contribute to the rapid replenishment of the market with goods and services, enrich the domestic market with goods of personal production;
- small enterprises actively influence the structural restructuring of the economy by increasing the incidence of light and food industries, removing the country from the state of raw

materials orientation;

- small scale enterprises, without the engine of the economy, will help to eliminate sectoral and logical single authority, the sphere of competition;

The procedure for creating a new enterprise, its state registration and obtaining a license. The organization of a new enterprise consists of several stages. The sequence of these stages- reflected in the drawing. In the organization of the new enterprise, the composition of the founders is determined, the documents of influence, that is, the Charter of the enterprise, the founder's agreement on the establishment of the enterprise and other normative documents are developed. At the same time, the head of the enterprise and the participants on the appointment of the chairman of the inspection commission shall formalize the 1st minutes of the meeting. Then a temporary account number will be opened in the bank. This account must be credited to 50 percent of the charter capital within 30 days after the registration of the enterprise. Then the enterprise will be state-registered by the local government office at the place of establishment.

Currently, the implementation of state support for small business is possible on the following organizational management levels of the state:

- ✓ overall rating;
- ✓ inter-sectoral management;
- ✓ territorial (regional and district authorities).

Among these, the best yield level is the support by Regions. measures developed to immortalize the support of small businesses in the regions directly show their impact on the development of this industry.

In support of small business in the regions, the following priority areas can be identified:

- creation of production infrastructure in the specified area;
- determination of priority areas of small business development in regions;
- creation of subjects of small business (training of specialists in small business, training and retraining of personnel);
- providing business finance and credit resources to small business;
- motivation of small business small business;
- how to create small business services;
- allocation of land, buildings and other small structures for the organization of business;
- Improving the organizational structure that governs small business in the regions.

It is necessary to define the priorities of small business development in the regions as follows:

- a. it is necessary to come from the existing raw material production capacity in the regions, natural and economic resources capacity, extension from varesurs to finished products, demand;
- b. it is necessary to assess the opportunities for the development of small business in the regions in terms of priority areas established by the state.
- c. to communicate with large manufacturing enterprises in the province. From foreign

experience it is known that a large number of small enterprises on the basis of contracts with large industrial production companies are engaged in the preparation of parts of products for them and the provision of various services. This means that it is also worthwhile for the authorities in our area to encourage the development of small scale business on the basis of service to large enterprises.

A number of positive works have also been carried out in our country in this regard. In particular, there are special supports and councils that directly contribute to the development of small business, support it.

The main task of these agencies is the state support of small and medium-sized businesses in the country and the employment and implementation of the incentive program.

Local authorities, governors develop their own programs on the support and promotion of small and medium-sized businesses, based on the territorial characteristics of which they all carry out.

The state is the main sponsor of the development of small business and private entrepreneurship. As already mentioned above, one of the main characteristics of small scale business, whether it is in developed countries or in developing and transition countries, is that this sector of the economy is constantly in need of state support. In our country, too, from the early years of independence to the present time, the support and regulation of the development of small scale business is becoming one of the important functions of the state. to date, the support of the state for small business in our country has been carried out mainly in the following directions:

- the legal and regulatory framework for the development of small business and private entrepreneurship in our country has been created;
- priorities in the development of small business have been set, the program for the support of small business and private entrepreneurship has been developed and is being implemented;
- built on the market infrastructure that helps small scale business develop;
- encourage small business development by attracting preferential taxes, subsidies, preferential loans from state and non-budgetary funds, international financial institution;
- the mechanism of issuing microcredit to legal entities and individuals in foreign and national currencies has been developed and is being introduced.

Now, we will briefly touch on each of these directions.

The first line. until now, a regulatory and legal framework regulating small business and private entrepreneurship has been created in our republic. The most important normative-legal documents regulating the development of small business are the Constitution of the Republic of Uzbekistan, the Civil, tax and economic procedural codes, the law "on guarantees of free business activity", as well as a number of presidential decrees and resolutions of the Cabinet of Ministers. In addition, a number of normative documents have also been adopted by the ministries and state agencies for the development of small business, local representative bodies. This is evidenced by the creation of the necessary normative and legal basis for the development of small business in our country.

However, there are also a number of shortcomings in this regard, the fact that some normative legal acts have not been developed with sufficient accuracy leads to the adoption of legal documents that significantly impede the protection of the interests of entrepreneurs by ministries and government agencies, as well as local government bodies. This naturally hinders the

development of small scale business in the localities.

The second line. It is known that in 1999 the Cabinet of Ministers of the Republic of Uzbekistan adopted the resolution "on the state program to support the development of small business and private entrepreneurship". This same decision is important in determining the specific direction in which the government will support the development of small scale business. The main priority direction of the formation of the entrepreneurial environment in the state program is the development of small business and private entrepreneurship in the rural areas, comprehensive support for the development of small businesses and private entrepreneurship that carry out the activities of production and processing of agricultural products, as well as the development of socio-economic infrastructure in the rural. In addition, the development of a system of small business and private entrepreneurship, which specializes in the production of products of production and technical orientation, building materials, as well as engaged in construction activities, providing household and communal services, is also a priority issue.

The third line. Without developing a system of institutional facilities that participate in the implementation of the market infrastructure, that is, the market system in the country and ensure its development, there will be no formation and development of a literally market economy. The validity of such infrastructure, naturally, creates the opportunity to regulate and support the development of the small business sector.

In the following years, the process of active formation of market infrastructure in the Republic is being carried out. As a result of this process, brokerage offices serving small business entities, small wholesale and retail structures, leasing and consulting companies, information and advisory centers, engineering and auditing firms, insurance companies, transport expeditionary enterprises, information and advertising agencies and various other infrastructure systems are operating.

The fourth line. In the first place, we would like to touch on the extent to which the state is using taxation in the development of small business. It is known that the existing taxation system in Uzbekistan allows small enterprises to work in the general taxation order or pay a single tax. In the first case, enterprises pay all taxes specified in the legislation. The convenience of such a procedure for entrepreneurs is that, according to it, small enterprises (except for commercial enterprises), which have already started their activities, will have the right to enjoy various benefits. The most important of such benefits is the temporary exemption from the payment of taxes.

There is also the privilege of partial exemption from paying taxes. The essence of this deduction is that the reduced tax rate on income is applied: from the established tax rate (31%) 25% in the first year of activity, if in the second year 50% is paid. To take advantage of such a privilege, a small enterprise should not engage in commercial activities, should not be organized on the basis of an enterprise that previously operated, and should have other similar characteristics. The drawback of the general taxation regime is the abundance of taxes (both Republican and local level).

Another procedure for taxation of small business enterprises operating in our country is the payment of a single tax. In such a procedure, there are two objects of taxation, these are gross receipts or gross income. If enterprises engaged in production activities pay income from gross income, then commercial and public catering enterprises pay taxes from gross income. The main positive aspect of such a procedure is the simplicity of calculating the tax.

According to the data, tax revenues from small-scale enterprises in the localities constitute a much smaller amount in the state budget revenues. In order to avoid such a problem, it is necessary to reduce the rates of tax and mandatory payments paid by operating small enterprises. As a result of this, it becomes an important source of budgetary revenue in small scale enterprises. It is known that the role of small scale enterprises is manifested in the creation of new jobs and the introduction of innovations in the economy. The reduction in the tax burden of small scale business leads to a reduction in the costs of social support for the unemployed. In addition, this situation also reduces the need for government funding of Small Business Development.

In addition to state aid, self-support forms are becoming increasingly widespread in Uzbekistan through the integration of entrepreneurs into non-governmental and non-profit organizations during the restoration and development of entrepreneurship. These organizations protect the rights and interests of entrepreneurs, support their members in various forms and provide services to them. Among these, it is possible to include commodity producers and entrepreneurs, the Association of personal and peasant farms, the Association of business women, the Association of traditional artistic crafts and masters, the Association of tourist organizations.

Conclusion

At present, great attention is paid to achieving economic development in our Republic. Crammed, the development and formation of a small business - remains one of the important tasks. In turn, the broad path to the development of small business is the production of a product that is resistant to competition in a short period of time, without spending much investment in the conditions of shortage of goods and services in the consumer market, as well as lack of capacity. This allows large specialized enterprises to provide their population with products that they can not deliver. Through the development and promotion of small scale business, the following can be achieved:

- new jobs will be created;
- on the basis of new technologies, our markets are provided with the necessary products and services;
- brand quality carried;
- prices are reduced;
- reduces budgetary spending in social protection of the population and helps to solve similar issues.

In Uzbekistan, small business is of great importance in ensuring macroeconomic stability and increasing the welfare of the people. Enterprises established on the basis of small businesses increase the production of products and services that replace imports and increase export potential, contribute to the increase in employment of the population and are of great importance in the cultivation of labor productivity.

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