

Territorial Features of Small Business and Private Entrepreneurship

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Abstract

The article analyzes that small business and private entrepreneurship are important factors in economic development, employment and income. As well as, suggestions and recommendations on the priorities of practical development of the industry, the implementation of innovations

Keywords: *Small business, entrepreneurship, innovation, cluster, investment, regional entrepreneurship, modernization, diversification*



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1.0 INTRODUCTION

Particular attention is paid to the development of small business and private entrepreneurship in our country, the results of the work carried out on the broad involvement of the population in entrepreneurial activities, the creation of new mechanisms of state support. Our highest goal is to ensure the welfare of the population through the development of small business and private entrepreneurship, to create new jobs, to raise living standards and quality of life. In the Address of the President of the Republic of Uzbekistan Shavkat Mirziyoyev to the Oliy Majlis on December 29, 2020, it was proposed to revise about 5,000 normative and legal acts related to entrepreneurship, reduce their number and develop a “Business Code”¹. It was a historic event. We have a great responsibility to prepare this initiative legally, to develop the necessary innovative reforms. The adoption of the new code will strengthen the protection of the rights and interests of intrepeneurs, employess working in the private sector, will be a strong guarantee for the rapid development of entrepreneurship. It is very important for us to strengthen measures to liberalize the economy, open the way for business, eliminate the obstacles to entrepreneurship.

Progress does not stop for a moment. To achieve it, advanced ideas and initiatives must be put into practice. Territorial modernization and diversification of small business and private entrepreneurship, support for the ideas of young entrepreneurs, expansion of small business, entrepreneurship in the regions, the formation of healthy competition will further ensure the stability of our country.

2021 has been declared in our country as the “Year of Supporting Youth and Strengthening the Health of the Population”², and thus training our boys and girls in modern professions that are in high demand in the labor market, including entrepreneurship, emphasis was placed on the formation of skills and diligence, as well as the need to implement initiatives. In the regard, the necessary measures will be taken for young people to set up their own businesses and implement startup projects, which will also allow the development of small business and private entrepreneurship.

2.0 RESEARCH METHODOLOGY

Proposals and recommendations on the development of small business and private entrepreneurship in improving the welfare of the population, further strengthening of structural and innovative reforms aimed at studying its regional characteristics, as well as modern, statistical methods and observations, analysis and methods of synthesis, scientific abstraction, induction and deduction were widely used.

3.0 THE RESULTS OF ANALYSIS AND DISCUSSION

The word business is an English word that means an entrepreneurial activity or in other words and activity aimed at benefiting people.

Entrepreneurship, on the other hand, is a broader concept than business, and is the activity of profit-seekers, innovators, and risk-takers. When developed in a broad sense, the task of the entrepreneur is to produce new goods on the basis of a newly opened market or housing base or to use new technologies to modernize the obsolete.

¹ Address of the President of the Republic of Uzbekistan Shavkat Mirziyoyev to the Oliy Majlis of December 29, 2020

² Address of the President of the Republic of Uzbekistan Shavkat Mirziyoyev to the Oliy Majlis of December 29, 2020

The following conditions have been created for the development of small business and private entrepreneurship in the country:

1. The registration time for small business is 30 minutes. Only one documents is required to register as an individual entrepreneur, and two documents are required to register a small business as a legal entity.

2. The single tax rate, which is an important factor in creating favorable conditions for the development of small businesses in almost all industries, is 5% of the volume of goods and services sold. At the same time, the current rate of the single social payment for small businesses is 15%.

3. Newly established manufacturing enterprises with foreign investment are entitled to apply the rate of taxes and mandatory payments on the date of their registration for five years. From 2018, small businesses with more than 1 hectare of land are set to pay a single land tax.

4. Financial support for small business is provided through the following ways: lending by banks at preferential rates, a guarantee of 50% of loans provided by the State Fund for Entrepreneurship Support for business activities and commercial banks Reimbursement of accrued interest expenses on loans.

5. Business interests are protected by the institution responsible for the protection of the rights and legitimate interests of business entities. Unscheduled inspections of small businesses in Uzbekistan abolished, as well as exempting businesses from all types of administrative fines for the first financial and economic offenses.

6. Entrepreneurship support centers have been established in all regions of the country in the centers operating under the “Yagona darcha” principle, which provides public services to businesses. “Business incubators” have been set up for start-ups to create their own business plans, provide legal and practical assistance, as well as obtain the necessary information for their activities.

7. Clusters for young entrepreneurs have been established throughout the country through training courses on entrepreneurship for entrepreneurs, implementation of projects on the basis of privatized facilities, allocation of land on a lease basis for 5 years at zero rate.

By seeing the practical results of the above opportunities, we can analyze the quantitative indicators of small business and private entrepreneurship in our country. If we look at the data in Table 1, we can see that in 2020, small business and private entrepreneurship in our region will be slightly lower than in 2019. The shortcomings observed in the context of the global pandemic have certainly had a significant impact on the business sector as well.

Table 1.

Regional distribution of small business and private entrepreneurship³

| Order of regions | Number of small business and private entrepreneurship entities | 2019 is organized | 2020 is organized |
|------------------|--|-------------------|-------------------|
| Tashkent city | 35000 | 10763 | 7008 |
| Tashkent | 32602 | 5229 | 3991 |
| Samarkand | 50800 | 4806 | 4049 |
| Navoi | 17670 | 2972 | 2636 |
| Kashkadarya | 30169 | 3067 | 2532 |
| Surkhandarya | 36775 | 2825 | 4906 |
| Jizzax | 19215 | 2326 | 1934 |
| Sirdarya | 12324 | 1524 | 1783 |

³Data of the State Committee on Statistics of the Republic of Uzbekistan for 2019-2020

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|----------------------------|--------|-------|-------|
| Khorezm | 17148 | 3125 | 2839 |
| Buxara | 24971 | 3750 | 2586 |
| Fergana | 29300 | 4622 | 2721 |
| Andijon | 29296 | 3248 | 4508 |
| Namangan | 21461 | 3444 | 3184 |
| Republic of Karakalpakstan | 323014 | 2306 | 1887 |
| Total in Uzbekistan | 679745 | 54007 | 46564 |

The largest number of small enterprises and micro-firms established in 2020 by regions was 7008 in Tashkent, 4906 in Surkhandarya region, 4508 in Andijan region, 4049 in Samarkand region, 3991 in Tashkent region and 3184 in Namangan region. As well as the lowest rate was 1783 in Syrdarya region. In 2020, the share of newly established small business and private entrepreneurship in economic activities will be 35.6% in trade, 20.9% in industry, 7.1% in construction, 18.3% in agriculture, forestry and fisheries, in housing and nutrition. 5.3% in services and 2.5% in transportation and storage.

The highest number of small businesses in 2020 (per 1000 population, per unit) by regions is 30.1 units in Tashkent, 20.2 units in Navoi region, 19.6 units in Syrdarya region, 17.2 units in Jizzakh, 16.1 units in Tashkent region, 15.8 units in the Bukhara region and 12.8 units in the Kashkadarya region. In Surkhandarya region, this figure is the lowest, at 10.1 units.

Table 2.

The share of small business and private entrepreneurship in the main sectors of the economy by region in 2020⁴

| | Industry | Construction | Services | Investment |
|-------------------------------|-----------------|---------------------|-----------------|-------------------|
| Republic of Uzbekistan | 25.3 | 71.0 | 51.9 | 52.4 |
| Republic of Karakalpakstan | 22.4 | 93.6 | 51.9 | 47.2 |
| Andijan | 18.3 | 95.0 | 64.7 | 73.9 |
| Buxara | 32.0 | 85.6 | 66.8 | 54.0 |
| Jizzax | 55.7 | 97.0 | 59.4 | 76.4 |
| Kashkadarya | 31.6 | 87.0 | 69.0 | 23.2 |
| Navoi | 6.7 | 75.9 | 57.7 | 22.8 |
| Namangan | 43.7 | 86.3 | 64.0 | 72.7 |
| Samarkand | 43.8 | 90.3 | 69.4 | 71.6 |
| Surkhandarya | 45.6 | 85.3 | 66.3 | 65.6 |
| Syrdarya | 34.7 | 99.2 | 55.3 | 62.0 |
| Tashkent | 19.2 | 79.0 | 69.2 | 39.6 |
| Fergana | 37.4 | 90.6 | 69.5 | 69.4 |
| Khorazm | 27.8 | 91.8 | 62.9 | 73.8 |
| Tashkent city | 38.8 | 74.2 | 46.3 | 57.2 |

Jizzakh (55.7%), Surkhandarya (45.6%), Namangan (43.7%), Samarkand (43.8%), Tashkent (38.8%) and Fergana (37.4%) regions were the leaders in the industry.

Syrdarya (99.2%), Jizzakh (97.0%), Andijan (95.0%), Republic of Karakalpakstan (93.6%), Khorezm (91.8%) and Fergana (90.6%) regions are actively involved in construction.

⁴ Data of the State Committee on Statistics of the Republic of Uzbekistan for 2019-2020

High results were observed in Fergana (69.5%), Samarkand (69.4%), Tashkent (69.2%), Kashkadarya (69.0%), Bukhara (66.8%) and Surkhandarya (66.3%) regions.

As we can see, small business and private entrepreneurship are developing well in every region of the country. We can see the effectiveness of the work being done in this area in enterprises. The proclamation of 2021 as the Year of Youth Support and Public Health, the historic speech of the head of state at the Youth Forum of Uzbekistan, which was held for first time on December 25 last year, A number of decrees and resolutions on support are leading to significant changes in the lives of boys and girls under the age of 30, which make up 55% of the country. Today, the active orientation of young people to entrepreneurship is one of the main activities of the Foundation “Youth -Our Future”⁵. Last year, the structure created 10,025 new jobs through the allocation of 427.8 billion soums in soft loans to 1,818 business projects of young men and women under the state program. With the help of these loans, young entrepreneurs exported products worth 4 million 630 thousand US dollars and earned an average of 100 billion soums in taxes to the state budget. Taking advantage of the existing opportunities in our country, the foundation’s team is ready to mobilize all its efforts to help young people start their own businesses. We believe that the Decrees and Resolutions developed by the President of our country in 2021 will create favorable conditions for further expansion of small business and private entrepreneurship.

4.0 CONCLUSIONS AND SUGGESTIONS

In the context of modernization and diversification of the economy, we must consider it important to implement the following tasks in order to increase the welfare of the population through the development of small business and private entrepreneurship in each region.

- improving the effectiveness of mechanisms to support small business and private entrepreneurship by the state, the implementation of new mechanisms in the experience of foreign countries in this regard, adapting them to existing conditions;
- to ensure the further development of inter-regional youth entrepreneurship, it is necessary to improve the social infrastructure in the regions;
- continuously improve the process of providing small business and private entrepreneurship with the necessary microcredits for each region;
- creation and support of innovative projects necessary for ensuring the national and global competitiveness of small business and private entrepreneurship, including training of enterprises in the same industry within the city, district and region, as well as with them in a single technological chain, harmonization of scientific, engineering, consulting, standardization, certification and other services, demonstration of the legal, economic and social advantages of the new innovative method-cluster system;
- studying the experience of foreign countries and applying it in practice will increase people’s interest in entrepreneurship, so sending graduates with their own business ideas, creative thinking to countries with developed entrepreneurship on the basis of the summer school program will further expand our knowledge;
- in our opinion, it is expedient to involve more young people in the field of small business and private entrepreneurship, who will be enterprising, inquisitive and most importantly, innovative. They need to be given enough opportunity, soft loans.

Summarizing the above points, the following conclusion can be drawn. In Uzbekistan, small business should be a strong factor not only in the formation of gross national product, a solid foundation

⁵ From the speech of the President of the Republic of Uzbekistan Shavkat Mirziyoyev at the “Youth Forum of Uzbekistan” for the first time on December 25, 2020

of confidence and rapid growth of our economy, but also an important source of employment and income, the achievement of prosperity. Small business remains a specific sector of the national economy that performs important functions and is objectively necessary.

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