

The Main Directions of State Regulation of Entrepreneurial Activity

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Abstract

The article highlights the theory and practice of state regulation of the economy, which underlies the evolution of economic development. In particular, it analyzes the impact of the development of economic doctrines on economic policy, the views of economists on state intervention in the economy. The directions of active investment policy of the state in the regulation of entrepreneurial activity have been analyzed and conclusions are drawn.

Keywords: *Evolution of economic development, investment, entrepreneurship, investment policy, foreign investment, mechanism.*

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INTRODUCTION

One of the priorities of economic reforms in the Republic of Uzbekistan is the development, support and effective organization of enterprises. In our country, the development of small business in the economic sphere is of particular socio-economic importance. The scientific and theoretical basis for the development of large-scale development of enterprises is one of the most pressing problems of our time.

MATERIALS AND METHODS

This question has always been at the center of the evolution of economic development. In particular, the views of the economist A. Smith on state intervention in the economy had a significant impact on the development of economic doctrines and economic policies in most countries.

John Maynard Keynes's predecessors Arthur Cecil Pigou and Knut Wicksell also scientifically substantiated the need for state management of the economy. One of the founders of this theory was Gottfried von Haberler analyzed the theory of periodicity in his book "Prosperity and Depression". He attributed the crisis to excessive capital accumulation and insufficient consumption [4].

To reduce the amplitude of periodic oscillations, he expressed his views on how to get rid of these two states. The study of the multiplier effect, which in turn triggers the accelerator effect by John Maurice Clark, also played an important role in the development of the theory of state regulation of the economy. His research was conducted concurrently with Keynesian research.

Keynesian theory of state regulation of the economy includes three main cases: first, it evaluates the market mechanism of self-action; secondly, the reasons for difficulties and contradictions arising in the process of economic development based on complexity are interpreted; thirdly, a system of measures was created to regulate the economy in order to eliminate the shortcomings.

In his early studies, Keynes substantiated the theory of effective demand [1] by rejecting Say's law. In the pre-Keynesian period, the classics adopted Say's Law of Markets, according to which supply would create its own demand. Keynes, on the other hand, put forward the idea that aggregate demand creates its own supply.

"The state, - wrote J. Keynes, - will have to exert its directing influence on the propensity to consume partly with the help of an appropriate system, partly through setting interest rates and partly through other methods" [1].

One of the most prominent followers of Keynes, the American economist Alvin Harvey Hansen wrote about this: "Our society has evolved into a mixed public-private economy in which the great operations of a wise and prudent government become a stabilizing and sustaining force." [2].

In conclusion, it should be noted that at the same time, in the Republic of Uzbekistan, the state should act as an initiator and organizer of the transition to a market economy, take effective measures to regulate the economy, enriching the Keynesian theory with its experience and model based on its strengths.

RESULTS AND DISCUSSION

This is determined by the ratio of the volume of required production, taking into account the

resources. In the context of Uzbekistan, first of all, technological and financial investments are needed to solve the general problems of the economy. Thus, according to the report of the World Bank and the International Finance Corporation Doing Business, the strategic goal of reforms to improve the investment climate is to create the most favorable conditions for doing business and attracting foreign investment to the country by 2022.

Table 1: Dynamics of rating indicators of Uzbekistan Doing Business

№	Indicators	Place occupied		Difference	Place occupied		Difference
		2019	2020		2019	2020	
1.	Business registration	23	11	12	11	12	-1
2.	Registration of private property	81	73	8	73	71	2
3.	Getting loans	42	55	-13	55	60	-5
4.	Taxation	139	78	61	78	64	14
5.	Enforcement of contracts	37	39	-2	39	41	-2
6.	Solve insolvency	72	87	-15	87	91	-4
7.	Protecting minority investors	78	62	16	62	64	-2
8.	Electrical connection	78	27	51	27	35	-8
9.	Obtaining a building permit	147	135	12	135	134	1
10.	International trade	166	168	-2	168	165	3
	General indicator	87	74	13	74	76	-2

In order to consistently pursue an active investment policy, which is the basis of comprehensive economic reforms in 2020, it is planned to use about 138 trillion soums from all sources, which is 16% more than in 2019. In this regard, the volume of foreign direct investment will increase by almost 1.5 times compared to this year and will reach \$ 4.2 billion. As a result, 142 modern enterprises will be launched.

However, despite the fact that the volume of foreign direct investment in the economy is growing, in practice, it is not at the proper level, taking into account the demand for investment and the potential of the Republic, which requires a more active and consistent continuation of the policy in this area, as confirmed by the estimates of BCG experts.

The authors of the BCG report “Investing in Central Asia: One Region, Many Opportunities” believe that against the backdrop of a global decline in direct investment, Central Asia could become a new frontier for international capital. They estimate the potential for attracting foreign direct investment at \$ 170 billion, of which only \$ 40-70 billion in non-resource sectors of the economy.

According to BCG estimates, Kazakhstan will increase foreign direct investment in the non-resource sector to \$ 32-52 billion. Uzbekistan (\$ 7-13 billion) and Kyrgyzstan (\$ 1.3-2 billion) are also among the three leaders in Central Asia in terms of investment potential. The following figure shows the volume and dynamics of investment in the economy as a result of an active investment policy in the Republic of Uzbekistan (Figure 1).

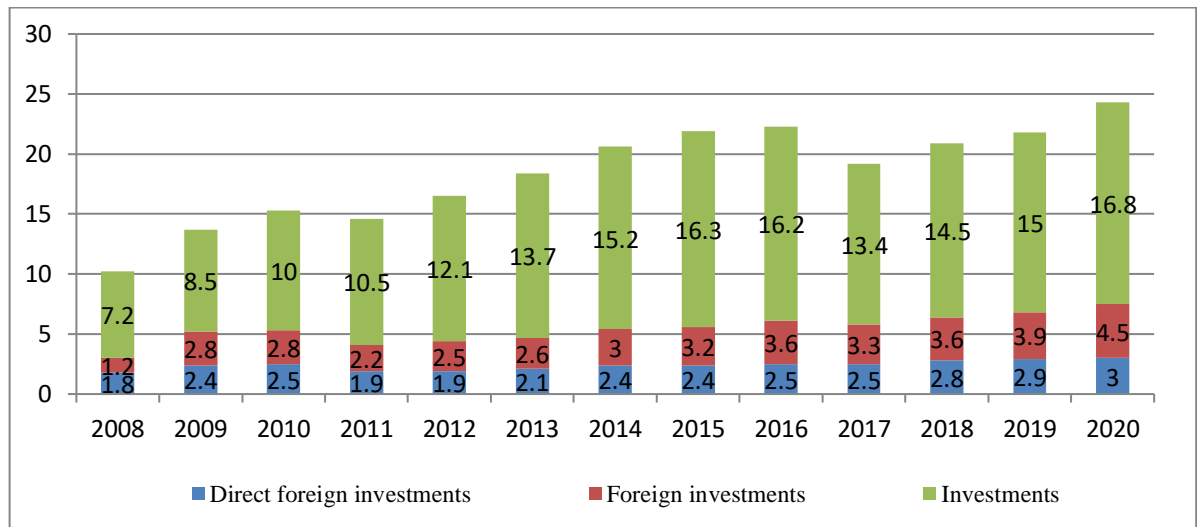


Figure 1. Investments in the economy of Uzbekistan, billion in US dollars

The task of activating the investment process is to form appropriate regulatory instruments, without which it is impossible to take a natural step towards the development of market relations. Investment policy will yield the expected results only if it is consistent with the development of the national economy, sectors and regions. A very important task today is the creation of favorable organizational and legal conditions for investing in the development of regions.

With the expansion of privatization and the development of the private sector, investments from the state budget will decrease. In such cases, in countries transitioning to a market economy, including Uzbekistan, projects in the field of medicine, science, culture, education and other social spheres are financed from the state budget. Examples of this are medical institutions, educational institutions, housing construction and

In particular, in 2020, investments in fixed assets in the Kashkadarya region amounted to 16321.1 billion soums, which is 3 times more than in 2017. Of this volume, non-productive investment accounted for 30% of the total investment volume, which is more than twice as much as in 2017.

The World Bank and International Finance Corporation “Doing Business” report also approved a roadmap to improve the performance of the Republic of Uzbekistan, as well as a list of government bodies and organizations responsible for creating a stable socio-economic infrastructure. During the implementation of the strategy, the country will significantly improve its position in 34 indicators, and in 47 indicators, the assessment of achievements will be carried out for the first time [6].

The assessment will be carried out in the following areas:

- state building;
- human capital development and research activities;
- infrastructure development;
- market development;
- business development;
- science and technology;

➤ in the development of creative results.

In particular, it is planned to improve the position of the World Bank on the Doing Business Index in our country.

Table 2: World Bank's Ease of Doing Business Index in Uzbekistan

Indicators	2015	2030
The cost of dismissal with redundancy	81,4	96
Ease of business creation	89	95
Ease of resolution of insolvency (admitting bankruptcy)	46,5	70
Ease of paying taxes	68,3	80

CONCLUSION

The country's position in the World Bank Ease of Doing Business Index will improve, in particular as a result of the following measures:

- ✓ the formation of a competitive market that stimulates the transition of the economy to the path of innovative development and efficient use of resources;
- ✓ Improving antimonopoly policy, including through the introduction of public-private partnerships, providing all legal entities and individuals with non-discriminatory access to goods, works and services of natural monopolies, introducing effective pricing mechanisms for products of purely monopoly enterprises. ;
- ✓ creating equal conditions for doing business and eliminating monopolization of the domestic market;
- ✓ increase the share of electricity production using renewable and alternative energy sources [3].

The concept of administrative reform in the Republic of Uzbekistan identifies the main directions of the radical reform of public administration:

- Improving the institutional, organizational and legal framework for the activities of executive authorities,
- Determine the tasks of the executive authorities, mechanisms for their implementation and areas of responsibility.

The aim is to reduce the administrative influence on the sectors of the economy and expand market-based governance mechanisms. The following is planned in this direction:

- Measures to introduce modern forms of strategic planning, innovative ideas, developments and technologies into the public administration system
- Strengthening an effective system of professional civil service, as well as creating effective anti-corruption mechanisms

From the analysis of the policy of state support for improving entrepreneurial activity, the following conclusions can be drawn:

Government support measures for small businesses based on the size of the enterprise are losing their economic importance due to the fact that the size of enterprises, the structure and changes in industries do not guarantee efficiency and are constantly changing factors.

The main directions of the system of state support for enterprises are the formation of a legal environment, institutional development, business culture, direct (logistic, financial, informational, etc.) assistance, development of integration between small and large businesses.

Based on the above conclusions, it is necessary to pay attention to the following directions of the formation of a business support system:

- ✓ creating an environment that allows new firms to enter other markets and accelerate the liquidation of inefficient firms;
- ✓ Encourage the creation or import and implementation of advanced technologies to ensure the production of competitive products;
- ✓ Achieve an increase in the quality of management and the number of innovators serving small businesses by increasing the entrepreneurial culture not only among the population, but also in various structures of state support through various training programs.

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