

State Support for the Development of Small Business and Entrepreneurship

Khurramova Madina Mansurovna¹

Abstract

Economics likes concrete numbers, calculations, real changes in people's lifestyles, results. An economy that serves only the interests of the state will stop developing. This is the reason why attention is being paid to expanding the scope of quantitative and qualitative changes in our economy and increasing its direct impact on the life of the population before the fundamental reforms and renewals implemented in New Uzbekistan in recent years.

Keywords: *small business, strategy, living conditions, problem, and world economy.*

¹Master of Tashkent State University of Economics, eshmamatovamadina@tsue.uz

Currently, special attention is paid to the development of small business and entrepreneurship in our republic. Because the development of small business and entrepreneurship is considered as a strategic task of the economic policy of our country. Today, this industry takes a leading position not only in accelerating the growth rate of the national economy, but also in solving the issues of providing employment and raising the standard of living of the population, which are considered urgent for today.

"Our most important task is to create all the conditions for rapid and wider development of entrepreneurship," says our president Sh. Mirziyoyev.

Legal entities that carry out initiative activities aimed at obtaining profit (income) under risk and property liability by means of personal labor and hired labor on the basis of the property of private and other persons involved in the production of goods and provision of services are the subjects of private entrepreneurship.

Individuals engaged in entrepreneurial activity who have not established a legal entity are also considered subjects of small and private entrepreneurship.

Small businesses can be organized as follows:

- by citizens, family members and other persons;
- by the state, rent, community, joint-stock companies, economic associations, joint ventures, etc.;
- by public organizations;
- based on the cooperation of the mentioned agencies;
- as a result of separation from the structure of existing enterprises on the initiative of the team with the consent of the owner of the property.

In addition, small enterprises, associations and enterprises can be organized forcibly (according to the decision of the anti-monopoly office).

Small enterprises are established primarily for the production of consumer goods and the provision of household services. But they can be organized in any spheres of the national economy, act on the basis of any forms of ownership. One or several legal entities or individuals can be the founders of small enterprises.

The field of activity of a small business is widespread, and it can carry out all types of economic activities (if they are not prohibited by law). He has the right to enter into contracts, purchase property, enter the foreign market, trade mediation and other transactions.

Small business is a form of economic management that exists and operates independently. It can independently determine the size and types of manufactured products, sell them at its own discretion, set prices for goods and services, determine the standards of allocation of profits to development funds, social sector, reserve fund, wage payment forms for hired employees and can determine the amounts independently.

For the purpose of stable operation, small enterprises, associations can unite, join various cooperatives.

Thus, a small enterprise does not consist of a new form of economic entity. It differs from other enterprises only in its smaller scale.

The need to define the criteria of small business arises from the fact that small enterprises need serious support from the state, this support should be targeted and directed to improving the specified aspects of the enterprise's activity. It is necessary to divide small enterprises into separate categories in order to study their activities and analyze the level of efficiency, to determine their place and role in the general system of the economy.

All countries based on a market economy use the following criteria to define small enterprises.

In different countries, criteria are used that include enterprises in one or another group according to their size. According to the methodology of the European Union, small and medium-sized enterprises are determined by the criteria shown in the table.

Criteria for determining the size of small and medium-sized enterprises according to the methodology of the European Union:

Identifiable businesses	Number of employees (people)	Annual turnover	Balance value
Small	up to 50	up to 4 million euros	up to 2 million euros
Average	50-250	up to 16 million euros	up to 8 million euros

In foreign countries, enterprises with 1 to 20 employees are classified as craft enterprises, small enterprises with 20 to 100 employees, and medium enterprises with 100 to 500 employees.

In the United States, two-way grouping of small businesses is used. In the first case, this concept covers enterprises with up to 500 employees. In the second case, enterprises are divided according to the size of their annual income: in the transport sector, the annual income is from 3.5 million to 20 million dollars, in construction from 9 million to 21 million dollars, in wholesale trade from 15 million to 35 million dollars, retail Enterprises with sales from \$3.5 million to \$13.5 million, and from \$2.5 million to \$14.5 million in services are considered small firms.

In Germany, the number of employees and annual turnover are used. Small enterprises with up to 10 employees, medium-sized enterprises with up to 50 employees and an annual turnover of up to 100 million euros.

In France, the concept of small and medium-sized business includes micro-firms with up to 19 employees, and small enterprises with 20-299 employees.

In South Korea, enterprises with up to 20 employees in industry and transport are considered small, and enterprises with 21 to 200 employees are considered medium enterprises. Enterprises with up to 5 employees in trade and services are small enterprises, and enterprises with 6 to 20 employees are medium enterprises.

In Uzbekistan, it is accepted to divide small enterprises into groups according to the number of employees.

We are witnessing that the importance and results in this regard are increasing rapidly. An increase in the population's income and significant changes in living conditions are visible. Statistics also show that the total income of the people of our country increased by more than 2.6

times in 2016-2020.

In this direction, our position on the world stage is increasing year by year. In particular, at the next meeting of the Republican Council on Working with International Ratings and Indices, held on May 26, 2021, Uzbekistan improved its position by 29 places compared to 2015, and reached 131 in the Global Innovation Index. It was noted that it ranked 93rd among the countries, and 4th among the countries of Central and South Asia. One of the main factors of such success is related to the effective economic policy conducted in our country and the correct formulation of the directions of measures taken from its structure. In the new period of Uzbekistan's development, especially the development of small business and private entrepreneurship has become one of the important and effective directions of economic policy.

It is known that small business and private entrepreneurship has a strong place in the experience of world countries with its high results and successes, and in most countries its share in the gross domestic product is 60-70 percent. The development of small business is aimed at creating favorable conditions for economic vitality and an effective competitive environment, stimulating demand by expanding the consumer sector, filling the consumer market with goods and services, protecting the environment, and expanding budget revenues. Accordingly, many developed countries strive to fully support small business activities.

As a result of the measures implemented in our country to support this direction and create all the necessary conditions, the share of small business entities in the gross domestic product is increasing. If we dwell on specific figures, the indicator in this regard was only 1.5 percent in 1991, and 31 percent in 2000. In 2016, the share of this sector in the gross domestic product reached 64.9%. These numbers are increasing year by year and are not going down at all. In particular, the number of business entities that started their activities increased from 210.6 thousand units in 2016 to 411.2 thousand units in 2020. The share of small business entities in general enterprises and organizations increased to 86.5% in 2020.

Since 2017, as a result of attracting a large amount of foreign investment and credit funds to large industrial facilities of our country, their production volume has started to increase sharply. If large enterprises and associations are figuratively considered to be the bone part of the economic organism, then small business is the muscle tissue that gives this part strength and flexibility, and ensures its smooth movement. This process is supported by the establishment of new enterprises. That is, small business enterprises organize new production in response to rapidly growing demand in the economy.

If we look at the numbers, during 2017-2020, more than 288 thousand enterprises were established in our country. 14,800 of them belong to large enterprises and 273,200 to small business enterprises.

At the new stage of development, we can observe the increasing scope of small business activities in our country through the number of small business entities per 1000 inhabitants. This indicator was 12.2 units in 2017, and reached 15.6 units in 2020. It is noteworthy that the highest growth in the number of small business entities is taking place in the conditions of the negative impact of the pandemic on the economy.

In 2017, the share of small business and private entrepreneurship in the gross domestic product was 53.3 percent or 119,301 billion soums. (In Japan - 55%, in Germany - 54%, in the USA - 52%, in Kazakhstan - 25.6%, in Russia - 20%).

78.3% of the employed population in the country are engaged in small business, while in 2000 this figure was 49.7%.

The share of small business in the production of industrial products was 12.9% in 2000, in 2017 this indicator was 39.6%, in agriculture - 99%, in construction - 65%, 1%, in retail turnover - 88.4%. The share of small business in the total export of the country was 27%, in import - 50%, and in investment - 32%.

According to the current legislation, the annual average number of employees in agriculture, forestry and fisheries - up to 50 people, depending on the type of activity in industry - from 100 to 270 people; in the field of trade and service - subjects with 25 to 50 employees are classified as small enterprises.

Conclusion: Small business support mechanisms used in the countries mentioned above are described only in general terms. A more accurate study of some directions of assistance and determining the possibilities of their use in the conditions of the economy of Uzbekistan would have undoubtedly brought benefits for the development of small business.

References:

1. "On Guarantees of Freedom Of Entrepreneurial Activity". Collection of Legal Documents Of The Republic Of Uzbekistan, 2017, No. 1, Article 1; National Database Of Legal Documents, 04.12.2020, No. 03/20/653/1592.
2. Alimova G.A. Basics of Formation of Small Business and Private Entrepreneurship. Scientific and Methodological Manual. - T.: National University Of Uzbekistan Named After Mirzo Ulugbek. 2011. - 11 P.
3. PQ-3856 Dated 14.07.2018. On The Measures To Improve And Increase The Efficiency Of Work On Ensuring The Employment Of The Population
4. Madina, E. (2021). The Impact of the Pandemic On The Development Of Small And Medium-Sized Businesses. *Central Asian Journal of Innovations on Tourism Management and Finance*, 2(2), 51-54.
5. Madina, E. (2021, March). BALANCE SHEET STRUCTURE: BALANCE ASSETS AND LIABILITIES. In *E-Conference Globe* (Pp. 195-199).
6. Абдукаримов И.Т. Молиявий Ҳисоботни Ўқиш Ва Таҳлил Қилиш Йўллари. –Т., «Иқтисодиёт Ва Ҳуқуқ Дунёси», 1998.
7. Баканов М.И., Шермет А.Д. Теория Экономического Анализа. –М. «Финансы И Статистика», 1998.
8. Баканов М.И., Шермет А.Д. Экономический Анализ: Ситуации, Тесты, Примеры, Задачи, Выбор Оптимальных Решений, Финансовое Прогнозирование. М., «Финансы И Статистика», 1999
9. Madina, E. (2021). Marketing Research Vs Partner Search. *International Journal on Economics, Finance and Sustainable Development*, 3(3), 244-249.
10. Madina, E. (2021). Problems of Innovative Economy in Development of Agriculture.
11. Madina, E. (2020). SECTION: AGRICULTURAL SCIENCE. *MODERN SCIENTIFIC CHALLENGES AND TRENDS*, 13.

12. Madina, E. The Role of the Digital Economy in the Development of Accounting and Audit. *International Journal of Innovations in Engineering Research and Technology*, 1-4.
13. Eshmamatova, M. (2020). MODERN LABOR RELATIONS. *Студенческий Вестник*, (27-3), 69-71.
14. Madina, E. Prospects for the Development of Cryptocurrencies In The Near Future. *JournalInx*, 218-221.
15. Eshmamatova, M. (2020). THE IMPACT OF AUDITING ON THE FINANCIAL POSITION OF A BUSINESS. In *МОЛОДОЙ ИССЛЕДОВАТЕЛЬ: ВЫЗОВЫ И ПЕРСПЕКТИВЫ* (Pp. 86-91).
16. Eshmamatova, M. (2020). DIGITAL BITCOIN AND BLOCKCHAINS. *Студенческий Вестник*, (27-3), 74-75.
17. Eshmamatova, M. (2020). MODERN DIGITAL TECHNOLOGIES AND INNOVATIONS. *Студенческий Вестник*, (27-3), 72-73.
18. Eshmamatova, M. (2020). IMPACT OF BUDGETING PLANNING AND CONTROL ON THE PROFIBILITY OF A MANUFACTURING COMPANY. In *МОЛОДОЙ ИССЛЕДОВАТЕЛЬ: ВЫЗОВЫ И ПЕРСПЕКТИВЫ* (Pp. 98-101).
19. Eshmamatova, M. (2020). TAX CONCEPTS IN THE DIGITAL ECONOMY. In *МОЛОДОЙ ИССЛЕДОВАТЕЛЬ: ВЫЗОВЫ И ПЕРСПЕКТИВЫ* (Pp. 102-105).
20. Eshmamatova, M. (2020). AUDIT INDEPENDENCE: ENHANCING ACCOUNTABILITY AND TRANSPARENCY IN CORPORATE ORIGINATIONS. In *МОЛОДОЙ ИССЛЕДОВАТЕЛЬ: ВЫЗОВЫ И ПЕРСПЕКТИВЫ* (Pp. 92-94).
21. Eshmamatova, M. (2020). THE WORLD AFTER THE CORONAVIRUS PANDEMIC. ASSUMPTIONS AND STATISTICAL FACTS. In *МОЛОДОЙ ИССЛЕДОВАТЕЛЬ: ВЫЗОВЫ И ПЕРСПЕКТИВЫ* (Pp. 106-110).
22. Madina, E. (2021, May). FEATURES OF PREPARATION AND PRESENTATION OF ACCOUNTING (FINANCIAL) STATEMENTS) REPORTING ON THE REORGANIZATION AND LIQUIDATION OF A LEGAL ENTITY. In *"ONLINE-CONFERENCE" PLATFORM* (Pp. 44-47).