



## Efforts to Support Small Business and Private Entrepreneurship by the State in Uzbekistan

**Gaybullaev Rakhim Murodovich**

Professor of Samarkand Branch of Tashkent State University of Economics, Doctor of Economics,  
Uzbekistan

[rahimgaibullaev63@gmail.com](mailto:rahimgaibullaev63@gmail.com)

### ABSTRACT

The article explains that small business and private entrepreneurship are an important component of the economy, which has a positive effect on its effective functioning, and that the development of small business largely depends on the state's support for this sector. It is shown that the process of supporting small business and private entrepreneurship in Uzbekistan, their legal protection, and the effective use of world experience and its positive aspects in this regard are the most urgent tasks today, when structural changes are being implemented in the economy.

### ARTICLE INFO

*Article history:*

Received 14 Oct 2022

Received in revised form

14 Nov 2022

Accepted 28 Dec 2022

**Keywords:** small business and private entrepreneurship; state; support; legal protection; economic development; business environment.

© 2022 Hosting by Research Parks. All rights reserved.

Various property and Wide development of forms of economic management, they develop financial activities release efficiency encourage purposes of improvement proves to be an important, urgent problem. The future of our country is the market service networks formation along with implementation of anti- monopoly measures, Full market relations are integrally related to the creation of a competitive environment formation on the surface economic reforms this tasks positive T h e solution is to meet the market requirements of small business entities and the organization of private business activities giver from the situation too come comes out.

It is known that small business and private entrepreneurship are an important component of the

economy and have a positive effect on its effective functioning. The development of small business largely depends on the government's policy on the regulation of this sector. The world experience shows that, along with the creation of a favorable macroeconomic environment for the development of small business and private entrepreneurship in developed countries, various state supports are provided to it.

Although the world experience of state support of small business and private entrepreneurship is rich and diverse, they differ from each other in terms of the mechanism, methods and means of implementing this process. Studying this experience and effectively using its positive aspects based on the specific characteristics of our country is one of the most urgent tasks today, when structural changes are being implemented in the economy.

In general, state regulation of small business and private entrepreneurship can be considered in two directions:

- establishment of general conditions for entrepreneurship, including small business and private entrepreneurship;
- to support and provide benefits to small businesses and private enterprises in order to ensure their adaptation to economic conditions.

These two areas are closely related to each other and are important for the development of small and private entrepreneurship.

The first direction includes a legal system that guarantees economic freedom for all businesses, protects the interests of consumers and encourages competition. Tax and budget policy of the state plays an important role in establishing general conditions.

In the second direction, the state's financial and credit policy towards small business, the mechanism of ensuring a certain share for small business and private enterprise in the state market, and other types of assistance to them have the main place.

In world practice, encouraging entrepreneurship is considered a necessary norm for the benefit of society and the state. Because entrepreneurship needs constant support and attention of state authorities. At the same time, the task of the state is not only to provide financial, technical and other resources to small and medium-sized businesses and to support them in any way, but also to create legal and economic conditions for their survival and development in market conditions.

According to world experience, the development of small business, especially small innovative business, not only ensures socio-economic efficiency, but also shows its importance in the political programs implemented in the countries. The development of small business is an important factor in increasing the share of the middle class in society, as well as ensuring economic, social and political stability in the country. Small business is of great importance in stabilizing the economy in developed countries such as USA, Germany, China, France, Japan, Italy. "According to the International Small Business Council (ICSB), small business entities make up more than 90% of all enterprises, 60-70% of the employed, and 50% of the gross domestic product" [1] . These enterprises form the basis of the economy of the developed countries of the world, they play an important role in stimulating economic development in the employment of women and young entrepreneurs and disadvantaged population groups.

In the Organization for Economic Co-operation and Development (OECD) countries, 99% of all firms

are small and medium-sized enterprises, and they are a major source of employment (40% to 80%) and provide 30 % to 65% of GDP. Even in EU countries, small and medium-sized enterprises provide 70% of employment and make a significant contribution to economic growth. According to UN data, small and medium-sized enterprises employ 50% of the workforce in the world economy, and the volume of production ranges from 33% to 66% of the national product in different countries of the world [2] .

If we look at the state of support for entrepreneurship in Uzbekistan, in the process of carrying out its economic reforms, our country is increasingly convinced that without developing entrepreneurship, it is necessary to prevent the decline in production and achieve macroeconomic stability, economically and financially in the economic and financial management system and its branches. consistency cannot be achieved. The development of entrepreneurship can be the main factor in creating new jobs, filling the market with goods and services, providing the budget with taxes.

In this regard, the goal of state support for entrepreneurship in Uzbekistan is to create the necessary conditions for the formation and development of an entrepreneurial environment, that is, to support and protect small business and private entrepreneurship , to give them freedom in their activities, with a clear legal guarantee. by providing, the President of the Republic Sh.M. As Mirziyoyev noted, "Our only way is to increase the number of entrepreneurs, to make people businessmen!" Each governor should look for additional income to the budget, create conditions for entrepreneurs and work hand in hand with business representatives. All roads are opened for small business and private entrepreneurship, it is necessary to use it effectively" [3].

is, with the Law of the Republic of Uzbekistan "On Entrepreneurship" adopted on February 15, 1991 . Then, the Decree of the President of the Republic of January 5, 1995 "On Initiative and Promotion of Private Entrepreneurship" and the Law of December 21, 1995 "On Promotion of Small Business and Private Entrepreneurship Development" were adopted. The Law "On Guarantees of Freedom of Entrepreneurial Activity" adopted on May 25, 2000 and the Law of Re- acceptance on May 12 , 2012 was also a great help in this work. Due to the need to introduce improved provisions in the legislation on small and private entrepreneurship in the conditions of deepening market economy reforms, the Law "On Private Enterprise" was adopted on December 11, 2003. The adoption of these laws means that state support for entrepreneurship is an important direction of economic reforms, and it will stimulate the development of competition, eliminate unproductive aspects of the economy, fill the consumer markets in the regions of the country with goods and services, ensure the economic independence of Uzbekistan, and provide employment. determines the solution of problems.

Currently, a whole system of state-legal management of business activity and its support has been created in the republic. During the years of independent development, dozens of laws, presidential decrees and decisions were adopted for this purpose. It can be said without hesitation that the organizational and legal basis of the business sector is fully expressed in them.

In the new Development Strategy of Uzbekistan for 2022-2026, "Creating conditions for the organization of business activities and the formation of permanent sources of income, increasing the share of the private sector in the GDP to 80% and the share of exports to 60%" intended [4] .

In the legal and regulatory documents adopted in the country, the measures aimed at creating wider conditions for small business and private business entities, ensuring their free operation and further deepening and liberalization of the ongoing reforms are reflected [5] . The Decree of the President of the Republic of Uzbekistan dated October 5, 2016 "On additional measures to ensure the rapid development of business activities, comprehensive protection of private property and improve the

quality of the business environment" was adopted, and this, first of all, furthered the legal protection of private property . It is the basis for strengthening, creating favorable conditions for small business and private entrepreneurship and providing comprehensive support, increasing the share of this sector in GDP, and solving the employment problem [6] .

First of all, these regulatory documents are the basis for strengthening the legal protection of private property, creating favorable conditions for small business and private entrepreneurship, increasing the share of this sector in GDP, and solving the employment problem.

Although, when talking about this, in the first dialogue of the President of the Republic of Uzbekistan with businessmen on August 20, 2021, it should be noted that "90 percent of the jobs created in our country every year are contributed by the private sector. The fact that more than 5 million people, especially our youth, are working in this network today shows that its role in our social life is increasing not only economically, but also. For this reason, if we want to improve our economy and social sphere, it is necessary to create all the opportunities and conditions for the development of entrepreneurship [7] , citing the examples that show the improvement of the business environment, the President of the Republic of Uzbekistan on August 22, 2022 with businessmen as mentioned in the second dialogue, " over 55,000 business buildings were built by entrepreneurs over the past year. That is, entrepreneurs believe in the future and increase investments in real estate. Also, the number of business entities with revenues exceeding 1 million dollars increased by 5 thousand to 26 thousand. Another 1 thousand turnover from 1 million to 10 million dollars delivered . 220 of our entrepreneurs receipts and for 100 million dollars did \_ The number of exporting enterprises in our country has reached 7.5 thousand, the total export volume has increased by 30 percent" [8] .

PQ - 4160 of the President of the Republic of Uzbekistan dated February 5, 2019 " On additional measures to improve the rating of the Republic of Uzbekistan in the annual report of the World Bank and the International Finance Corporation (IFC) " as part of the "Doing Business" project for 2022 aiming to reach 20th place " [9] .

In recent years , more than 70 decrees and decisions of the President of the Republic of Uzbekistan have been adopted in order to support business entities.

After all, the strengthening of entrepreneurial processes in the economy leads to the rational solution of a number of socio-economic problems, the emergence of the "internal power" of development, the increase of the competitiveness of the national economy, and the strengthening of democratic principles in development. However, entrepreneurship itself is a very complex and diverse process, and it is impossible to achieve important results of effective implementation of economic reforms without a thorough study of its theoretical and practical aspects. Also, at the same time , the development of entrepreneurship in Uzbekistan, the formation of the small and medium-sized owner class, which is the foundation of political, economic and social stability in our country, is defined as a strategic task at the state level, and the success of the ongoing economic reforms and the stability of the society are directly related to it. In solving this task, it is necessary to create a favorable environment, to further improve the legal, organizational, economic and institutional conditions, and in this regard, researches and studies on entrepreneurship play a major role in determining theoretically and methodologically important directions.

Of course, the laws of the market economy, along with its general characteristics, are manifested taking into account the characteristics of each specific country and each region, that is, this country reflects its historical, demographic, national geopolitical and other characteristics. In our opinion, it is necessary to

take into account specific regional, demographic, geopolitical, and national characteristics in the development of small business, in addition to the general characteristics common to all countries.

Of course, the problems that arise in the period of economic transition are manifested in Uzbekistan in a unique way. Because the economy of our republic is in the process of further development of entrepreneurship and needs state support. In particular, there are many unresolved issues related to regulatory and legal regulation of business activities, material and technical support, financing, investment, tax system, lack of own funds of enterprises, difficulties in obtaining bank loans, incentives, use of information technologies, determination of competitive environment, organization of production. there are problems.

### List of used literature

1. Aktamova N.R. Status and analysis of assessment of small business and private entrepreneurship support mechanisms. "International finance and accounting" electronic magazine. No. 3, December, 2016. 9 p.
2. Afanasev V., Krylova E. //Russian economic magazine. 1996. No. 10. p. 45.
3. <https://www.tergov.uz/uz/news/shavkat-mirzиеev-nash-edinstvennyj-put-uvelichivat-chislo-predprinimatelej-realizovat-delovoj-potentsial-lhudej>
4. <https://lex.uz/docs/5841063>
5. Law of the Republic of Uzbekistan. " On amendments and additions to some legal documents of the Republic of Uzbekistan in connection with the adoption of additional measures to ensure the rapid development of business activities, comprehensive protection of private property and qualitative improvement of the business environment ". -T.: December 29, 2016, No. O'RQ-418.
6. Decree of the President of the Republic of Uzbekistan. "On additional measures to ensure the rapid development of business activities, comprehensive protection of private property and qualitative improvement of the business environment". -T.: October 5, 2016, No. PF-4848.
7. Mirziyoev Sh.M. Our most important task is to create all the conditions for rapid and wider development of entrepreneurship. The speech of the President of the Republic of Uzbekistan on August 20, 2021 at the dialogue with businessmen.
8. The speech of the President of the Republic of Uzbekistan on August 22, 2022 at the dialogue with businessmen.
9. The President of the Republic of Uzbekistan on February 5, 2019 "The World Bank and Resolution PQ - 4160 "On additional measures to improve the rating of the Republic of Uzbekistan in the annual report of the International Finance Corporation ( IFC )" .
10. GAYBULLAYEV R.M. SMALL BUSINESS DEVELOPMENT PROCESSES IN UZBEKISTAN. SO,,NGI ILMIY TADQIQOTLAR NAZARIYASI respublika ilmiy-uslubiy jurnali. №2. 2022. [https://hemis.sbtsue.uz/static/uploads/6/VAT\\_QofKHN4IJJ-v\\_xG5bCo3cWNxiypZ.pdf](https://hemis.sbtsue.uz/static/uploads/6/VAT_QofKHN4IJJ-v_xG5bCo3cWNxiypZ.pdf)
11. GAYBULLAYEV R.M. Participation of Small Business and Private Entrepreneurship in the Foreign Economic Activity of the Republic of Uzbekistan Creating and Developing the Environment. Volume: 4, page, 417-420. [https://hemis.sbtsue.uz/static/uploads/5/iwD\\_DH90UmKkKy5T2xopIJvTFskFWNp.pdf](https://hemis.sbtsue.uz/static/uploads/5/iwD_DH90UmKkKy5T2xopIJvTFskFWNp.pdf)