

Eurasian  
Research Bulletin

# Ways of Developing Small Business and Private Entrepreneurship in the Republic of Uzbekistan

**Sobirova Malika  
Nematjanovna**

Tashkent Financial Institute  
Department of economic security  
Associate Professor

**Bakiyeva Iroda  
Abdushukrovna**

Tashkent Financial Institute  
Department of economic security  
Associate Professor

## ABSTRACT

This article describes ways to develop small business and private entrepreneurship in the Republic of Uzbekistan. The article notes the development of small business and private entrepreneurship. Questions are discussed for improving the business environment. The author presents approaches to the measures to further improve the business environment for the development of small business and private entrepreneurship and their free activity. The existing problems in this sector are analyzed. And also, some recommendations for their solution have been worked out.

## Keywords:

business environment; small business; private entrepreneurship; small business entities; interests.

## Introduction

In accordance with the decree of the President of the Republic of Uzbekistan dated December 3, 2021 "On the priority directions of the state policy on the development of entrepreneurship in the neighborhood, ensuring population employment and reducing poverty", as well as on the issues of developing entrepreneurship in the neighborhood, ensuring population employment and reducing poverty, the district ( in order to effectively organize the activities of assistants of city) mayors (hereinafter referred to as assistant mayors):

1. The republican commission on organizing the activities of mayor's assistants (hereinafter referred to as the republican commission) should be established, its composition should be approved in accordance with Annex 1.

2. The republican commission (Kochkarov) should attach to each district and city the responsible employees of the ministries,

agencies, commercial banks that are part of the economic and investment complexes (hereafter - representatives of the republic) in order to effectively organize the activities of the governor's assistants, their place of work, monthly work to ensure that he is sent on a one-year service trip to the assigned area while keeping his salary and other social payments.

The agency for the development of neighborhood work and entrepreneurship, its territorial offices of the Republic of Karakalpakstan, regions and the city of Tashkent, as well as centers for the development of neighborhood work and entrepreneurship (hereinafter referred to as centers) shall be designated as the working bodies of the Republican Commission and representatives of the republic.

The Central Bank informs the following about the opinions expressed in social networks regarding the work being carried out within the

framework of Family Entrepreneurship Development Programs.

In accordance with the decisions of the President of our country on the development of family entrepreneurship in the regions, attracting the population to entrepreneurship, supporting the entrepreneurial initiatives of women and young people, the development of family entrepreneurship ("Every family is an entrepreneur", supporting farmers, farmers and landowners, The Chairman of the Council of Ministers of the Republic of Karakalpakstan, the heads of regions, Tashkent city hokims, district (city) hokims in order to organize and coordinate the implementation of the programs "Youth are our future", support for women and girls, development of crafts, funds under local hokims and assistance to employment) "Family entrepreneurship support centers" were established under the leadership of the first deputies.

To district (city) family business support centers:

- carefully study the potential, desires and proposals for doing business, covering each family and household on the basis of a letter;
- during the study, to determine whether families have entrepreneurial ideas and skills, and the existence of sufficient conditions for the implementation of this activity;
- to analyze the entrepreneurial potential and opportunities of every family living in courtyards and multi-storey apartments, to provide comprehensive directions and support for organizing their entrepreneurial activities based on the characteristics of the residential area;
- organization of allotment of loans by commercial banks to persons wishing to establish or develop entrepreneurship;
- to make suggestions regarding the effective use of private homestead land areas of the population, to assist in their implementation;
- providing practical assistance to families who are engaged in business and want to expand their activities, to implement new projects and to restore the activities of business entities and artisans who have stopped their

activities for some reasons, and to solve existing problems;

- providing recommendations and assistance in organizing business activities, issuing documents and providing other state services;
- at least once a month, visiting families that have just established a business, studying the problems that arise during their activities, eliminating them, and studying the efficiency of using allocated preferential loans;
- based on the results of the study, the issues and proposals that need to be resolved at the regional and national level are authorized to be introduced to the regional Family Business Support Centers.

### Literature review

Until now, the issues of small business and private entrepreneurship development and facilitation of the business environment have been studied by economists of foreign countries based on different approaches. For example, E.Staley, R.Morse, A.Bruno, T.Tyebjee, W.Garther, K.Manning, S.Birley, D.Norburn, etc. have researched the business environment as conditions that lead to the development of entrepreneurship at the national or regional level. , L. Dana, P. Davidsson, D. Swanson, and L. Webster focused their attention on the study of external factors affecting the business environment. Russian economists such as E. Bykova, B. Zhikharevych, N. Simionova have published many scientific articles on the development of entrepreneurship and business environment. At the moment, economic scientific sources in Uzbek language published in our country do not provide definitions that express the essence of the concept of "business environment", but opinions close to it are expressed.

For example, in the textbook "Entrepreneurship and small business" by the famous economist S.S. Gulomov, a brief idea is given about the influence of internal and external factors on the business environment and their variability. B. Yu. Khodiev, M.S. Kasimova, A.N. Economists such as Samadov note that "there must be a certain working environment for effective business activity."

According to their opinions, "...the business environment is mainly implemented as a result of the interdependence of the following four factors: legal, political, social and economic factors." Economist M. Rasulov notes that entrepreneurship "...requires certain conditions for its development..." and these conditions consist of economic, political, spiritual and legal foundations.

Paragraph 5 of the "roadmap" for the implementation of the tasks defined in the "open dialogue" of the President of the Republic of Uzbekistan with entrepreneurs, approved by the Decree of the President of the Republic of Uzbekistan No. F-5689 dated August 24, 2021, tasks of simplifying lending within the framework of state programs for the development of family entrepreneurship are assigned.

In particular, it is necessary to fully digitize lending under family business development programs, to establish a marketplace for buying or selling equipment, to enable residents to get loans in the neighborhood without going to the bank.

Today, appropriate measures are being taken to create this system. Anyone who wants to sell any goods and services within the framework of Family Business Development programs can register and offer their goods and services in the planned marketplace. The organization of the trade area in this way creates the basis for the formation of prices based on free competition and prevents artificial price increases by product suppliers.

The introduction of this practice allows to create a transparent mechanism for financing projects within the programs, prevent

unnecessary hassles in the allocation of loans to citizens, control every stage of the decision-making system, evaluate the activities of sectors, MFY chairmen, commercial banks and suppliers in the program, and improve the entrepreneurial skills of citizens.

### Research methodology

In the coverage of the scientific article, the laws of the Republic of Uzbekistan aimed at the development of small business and private entrepreneurship, the decisions of the Cabinet of Ministers of the Republic of Uzbekistan, the works of the President of the Republic of Uzbekistan, the scientific works of well-known scientists in the economic, social, and political fields, their content and essence are studied, representing the development of this sector and the facilitation of the business environment. available indicators were statistically analyzed.

### Analysis and results

In Uzbekistan, today, a number of facilities are being created for small businesses and private entrepreneurs.

Today, the draft of the relevant decision is being developed and is being negotiated with the ministries and agencies.

For example, according to the above classification of the Administration, there are 41 sub-branches in mechanical engineering, 18 of which employ up to 250 people, 12 sub-branches employ up to 500 people, and 11 sub-branches employ up to 1000 people. The following table presents the quantitative criteria of small business and private entrepreneurship in other areas of the economy (Table 1).

1-Tabel

### Quantitative criteria for small business and sole proprietorship developed by the US Small Business Administration

<b>Producers</b>	<b>Number of workers, people</b>
Oil processing	up to 1500
Exposure	up to 1000
Pasta and spaghetti	up to 500
<b>Wholesalers</b>	<b>Number of workers, people</b>
Sports products	up to 500
Furniture	up to 500
Lacquer products	up to 500

<b>Those engaged in retail trade</b>	<b>Merchandise turnover, million dollars in 1 year</b>
Grocery stores	up to 13.5
Automobile agency	up to 11.5
Restaurants	up to 10.0
<b>Service</b>	<b>Merchandise turnover, million in 1 year. dollar</b>
Exposure service	up to 12.5
Accounting services	up to 4.0
Repair of televisions	up to 3.5

In our opinion, it is not appropriate to define small business and private business entities by only one criterion. The reason for this is that a large but fully automated industrial plant does not require much manpower. At the same time, turnover is a more important indicator than the number of employees, for example, in enterprises producing alcoholic beverages. It should be emphasized that in the conditions of further liberalization of the economy, identifying small business and private

business entities based on a single criterion will have a positive effect on solving the employment problem (Table 2). In terms of regions, the largest share falls on Tashkent city and, in general, the total number of newly created small enterprises and micro firms is 16.3%, in Samarkand region - 12.1%, Kashkadarya region - 9.7%, Fergana region - 9.5% , Tashkent region - 7.3%, Khorezm region - 6.5%, Andijan region - 6.4% (Figure 1).



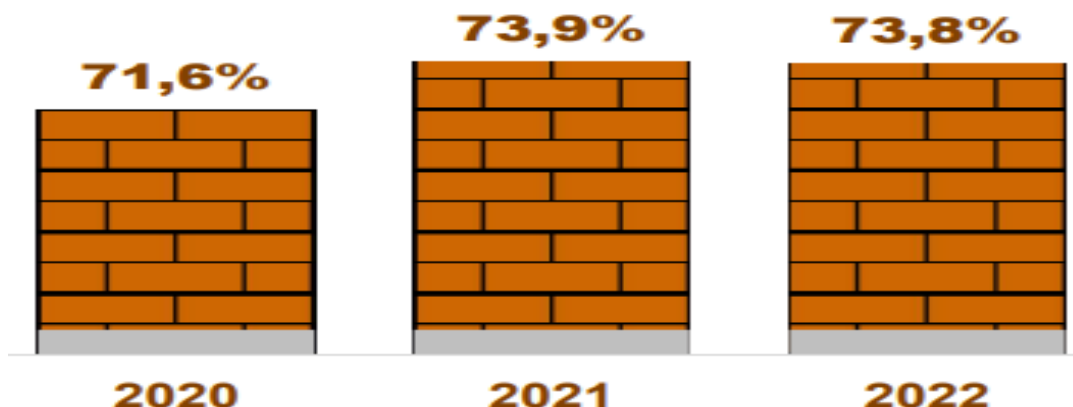
Figure 1. Number of newly created small enterprises and micro firms by regions, units



Figure 2. In January-September 2022, the share of small business in GDP amounted to 52.8% (55.4% in January-September 2021)

In January-September 2022, the volume of construction work performed by small businesses amounted to 69 460.4 billion

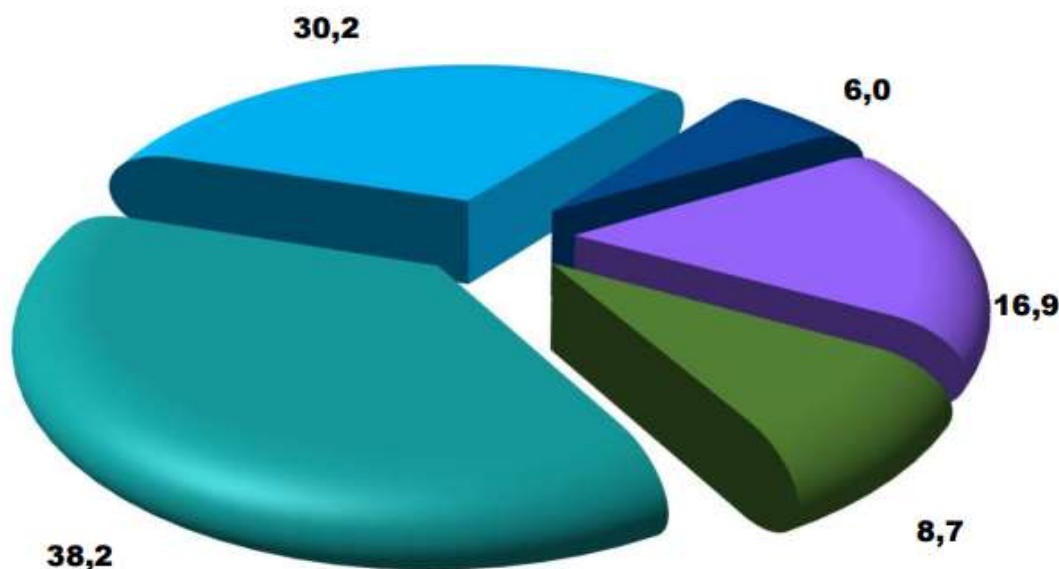
soums, or 73.8% of their total volume. In January-September 2021, the growth rate reached 106.2% (Figure 2).



**Figure 3. Share of small business in construction for January-September**

In the third quarter of 2022, a sample survey of small enterprises and micro-firms was conducted. In general, 19052 small enterprises and microfirms took part in the survey, of which 7369 (38.7%) subjects rated the economic situation as favorable, 10302 (54.1%) - as satisfactory, 1381 (7.2%) - as unsatisfactory. By

type of economic activity, the share of small enterprises and microfirms participating in the sample survey was 38.2% (7278 units) in trade, 30.2% (5754 units) in the service sector, and 16.9% (3217 units) in industry, construction - 8.7% (1656 units), agriculture, forestry and fisheries - 6.0% (1147 units) (Figure 3).



**Figure 3. Distribution of small enterprises and micro firms participating in the sample survey by type of economic activity in the third quarter of 2022, %**

In the third quarter of 2022, according to the results of the survey, the largest share of small enterprises and microfirms confident in a favorable economic situation falls on trade enterprises - 40.9%, services - 37.8%, industry - 37.3%. The largest share of enterprises that

assessed the economic situation as satisfactory was recorded in agriculture, forestry and fisheries - 55.2%, services - 55.1%, construction - 54.9%, industry - 53.7%.

**Conclusions**

In our opinion, the above considerations are reasonable, and solving the problems that stand in the way of small business entities is considered urgent today. During the ongoing reforms, it should become our task to solve the problems in the aspects of the development of small business entities and take appropriate measures. From this point of view, it is appropriate to take the following measures for the development of small business and private entrepreneurship and to make the business environment more convenient for their free activities, in particular:

- application of measures aimed at the development of small business and private entrepreneurship and the improvement of the business environment by local government agencies based on each territorial scale;

- strengthening the export of products in the activities of small businesses and entrepreneurial entities and solving problems in this direction;
- to further expand and support the introduction of investments for small businesses and entrepreneurial enterprises;

- To take measures for the full operation of the objects sold at "zero" value by the beginning of 2022 and to find a solution to the problems in this regard;

- to pay attention to potential investors in the introduction of foreign investments and to effectively use them in modernization processes;

- to achieve further development of private property and entrepreneurship and their effective protection by the state.

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