



Improvement of Measures to Support Business Activity by the State at the Regional Level

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Abstract: The article examines a number of stimulating objectives of entrepreneurial activity, leading to improvement of the economic and social situation in the region, development of the middle class, as well as the performance of entrepreneurial activity. The purpose of this study is to develop proposals for improving the tools of state support for small business entities at the regional level. A wide range of services to support the development of small business in the region was analyzed. Successful implementation of the measures proposed in the article can be ensured only in the conditions of mutual interaction between state, regional and municipal authorities, social associations of business representatives, educational organizations, infrastructure facilities, including credit organizations. Effective mechanism of financial support for small businesses applied.

Keywords: region, entrepreneurship, individual entrepreneurship, government support for small businesses

Enter

Small enterprises play an important role in the economy of all countries of the world. In the last few decades (2000-2006) in Western European countries, USA and Japan, small business has been embodied in a large number of small and medium-sized enterprises. Most of them are small enterprises with at least 20 employees. Small businesses account for 2/3 of new job growth, which has helped to significantly reduce unemployment in these countries.

We will consider how economically developed countries introduce enterprises to small enterprises and learn what the world experience of small business is. In the UK, the classification of enterprises as small business entities is based on turnover and employment figures (which vary by economic sector). Relatively small enterprises include firms with 1 to 25 employees, and small enterprises with 25 to 99 employees. Enterprises with less than 200 employees in the processing industry and annual turnover of at least 400,000 pounds are considered small enterprises. "About companies".

Under the Companies Act, a small business in the UK must meet two of the following criteria: no more than £2.3m. turnover in excess of dollars; a maximum of 1.5 mln. dollar assets; The average number of employees up to 50 people. In France, the number of employees does not exceed 500 people, and the annual turnover before paying the tax, estimated at the time of closing the cumulative balance, is 200 million. businesses with less than \$ are considered small businesses. Consequently, the size of the firm is estimated differently in different sectors of the economy. If in the agriculture and food industry, firms employing more than 200 people are considered large, then in the equipment manufacturing industry the number of employees is limited to 500 people.

Scientific and technical progress has moved the range of organizational possibilities to the household. Currently, more than 200 types of activities can be counted in the home and family business. This traditionally includes home businesses, household services, crafts, education and employment services. For example, only 4.4% of all home businesses in the US are engaged in crafts; 11.8% in retail trade; accounts for 30% of all home businesses in finance, accounting, consulting and computer services; a smaller share - 53.8% corresponds to construction, real estate, education, legal and healthcare services.

In the United States, independent owners and enterprises that do not occupy a dominant position in the goods market are considered small enterprises. Small and medium-sized companies are looking for special needs for which concerns are subcontractors in mass production. In Western Europe, about half of the output of the processing industry is made in small and medium-sized enterprises. Without being considered a monopoly, they focus their efforts on adapting to internal conditions of production and sales. Transnational corporations give them the opportunity to be the first to test a new product, and then to develop a new product for mass production. Enterprises divided into small firms are replaced by new ones, that is, their reproduction occurs.

On the other hand, recently, the growth of small and medium-sized enterprises, especially in areas that do not require large capital, large-scale equipment and cooperation of many workers, has been determined. This is especially true for high-capacity manufacturing and consumer goods industries.

Thus, the main characteristics characterizing enterprises as small enterprises have been noted above. But it is important to analyze what are the main advantages of a small business.

The main advantages of small businesses include:

1. Strong interaction with the consumer. This gives small businesses the ability to quickly adapt to consumer preferences and demonstrate flexibility accordingly. This forces the customer to choose exactly their product.
2. The ability to regularly change and adapt. Strong competition between enterprises, the state of dependence between the customer base and suppliers, and the search for new ways to reduce costs do not allow the organization to specialize in a narrow scope.
3. Integration with other firms. Small businesses can join forces with other businesses to compete against their competitors.

Despite all their advantages, small business entities have certain disadvantages:

- high level of risk leading to the instability of the state of enterprises;
- state of dependence on large companies;
- not always high competence of leaders;
- high adaptability to changes in economic conditions;
- problems in obtaining monetary resources and loans;
- instability and prudence of enterprises in concluding contracts.

The main reason for failures is lack of experience in doing business and maintaining business relationships and deals. In the absence of working capital and cash, small enterprises turn to mutual exchange of goods and services.

Analysis and results

A number of positive changes are being implemented in Uzbekistan in terms of creating a favorable business environment and rapid development of entrepreneurship. In its place, important decisions have been made in the legislation regarding the state registration and accounting of business entities, and the automated system of state registration and accounting is being gradually developed and put into practice. This serves as an important factor for the establishment and development of private businesses of residents and foreign investors. Small business, first of all, is embodied in individual entrepreneurs and micro-firms, and its share in GDP in 2020 was 55.7%. In developed countries, this

figure is 50-55%. Today, the number of small business entities is 14.4 units per 1000 inhabitants. A practical program for the development of women and youth entrepreneurship in the regions was developed and approved.

It is known that the types of taxes have been reduced from 16 to 9 in the last three years. Interest charges for pension, school and road funds were taken from circulation, regardless of the profits of the enterprises, and their amount was equal to at least 25-30 percent of the profits of the enterprises. Rates of property, income tax and social taxes have been reduced by 2 times.

Until the adoption of the law "On Special Economic Zones" in February 2020, the privileges granted to entrepreneurs registered in economic zones will be preserved. The procedure for returning the surplus of value added tax to the participants of special economic zones within 7 days will be introduced. This allows them to increase their working capital.

In addition, entrepreneurs will not be charged interest and will not be required to pay the value added tax for imported goods in 120-day installments.

The tax rate for the use of subsoil for enterprises producing construction materials will be reduced by 2 times. Catering establishments will be exempted from land and property tax until the end of the year, and tourism companies and hotels will be exempted from tourist fees for 2 years.

On August 16, 2020, the law "On amendments and additions to certain legal documents of the Republic of Uzbekistan in connection with the improvement of the system of land registration and state land cadastre management" was adopted. With it, a solid legal basis was created for the introduction of land into economic circulation, its sale and conversion into a pledge object.

Special attention was also paid to the issues of providing business entities with infrastructure. As mentioned, from January 1 next year, the value of 200 bln. The supply of electricity, natural gas, water networks and road infrastructure for projects worth soums will be fully under the responsibility of the state. This benefit is only 50 mln. applied to projects of foreign investors exceeding USD. Measures were taken to reduce import duty rates for raw silk and semi-finished products. Privileges for the development of transport-logistics services, facilitating the transportation of goods for entrepreneurs have been extended for another 3 years. Many facilities have been created to reduce interference in business activities and facilitate the process of obtaining subsidies. Through all this, it is envisaged to implement support measures for small business, which can include joint financing from the republican budget and local budgets. Support from this is carried out on the basis of a selection of the following types of activities:

1. Development of business incubators and ensuring their effective operation.
2. Implementation of support for export-oriented small businesses and entrepreneurial entities, in particular:
 - subsidizing the share of interest on loans received by these enterprises from republican banks for a period of at least 3 years;
 - subsidizing the share of costs for meeting the requirements of importing countries;
3. Providing subsidies for leasing operations carried out by small businesses (guarantees, subsidizing costs for guarantees).

If we talk about the infrastructure of support of CT subjects at the state level, the following institutions can be included in them (3):

1. Competition Development Committee.
2. The Ministry of Economy and Poverty Alleviation is engaged in the implementation of important directions aimed at the development of CT subjects:
 - "Support of small business and individual entrepreneurial initiatives";
 - The project "Support for beginning entrepreneurs" also simplifies the initial stage of business organization;

- small business preferential lending program.
- a program of subsidizing republican local budgets from the state budget to provide state support to small business entities at the specific regional level.

Thus, the widely developed infrastructure of small business support leads to the organization of small business economic entities and keeping them in a competitive position.

Speaking about the state of small business in Uzbekistan, the following information should be given (Figure 1). The analysis of the content of the single register of small business entities allowed to analyze the number of small enterprises and micro-firms as of January 1, 2021. During this period, the number of small business enterprises was almost 411.2 thousand units. Compared to the same indicator in 2020, it showed an increase in the number of small business entities by more than 22.8%.

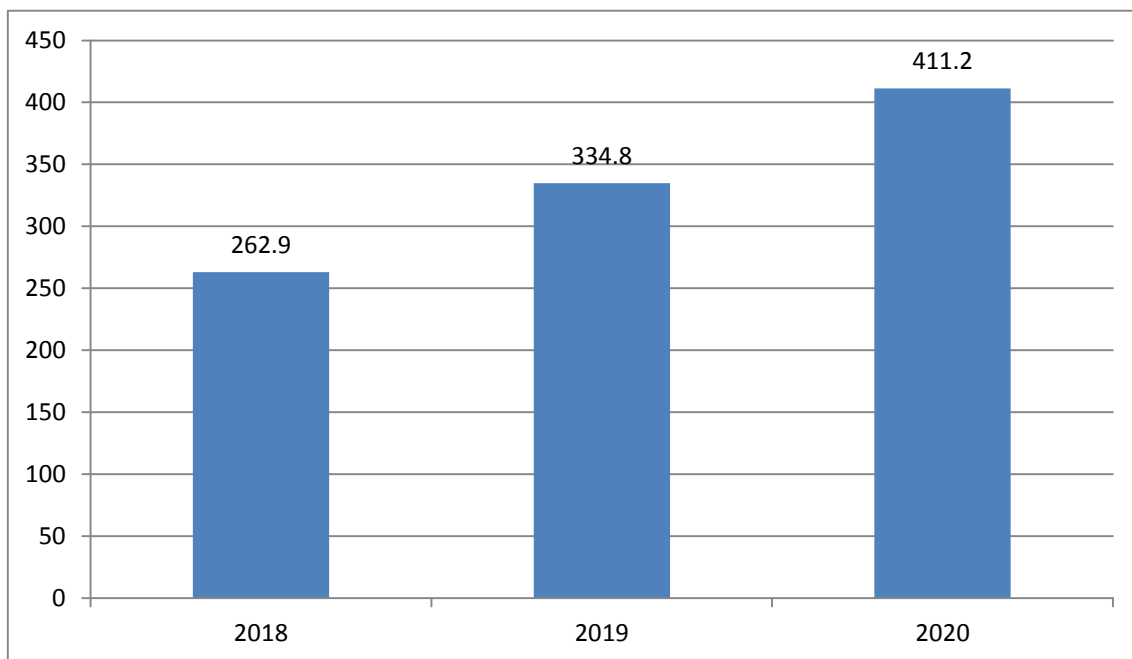


Figure 1. The number of small enterprises and micro-firms operating in Uzbekistan, in thousand units.

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In 2020, the number of small enterprises and micro-firms operating in Uzbekistan totaled 410.7 thousand units, in 2019 this figure was 334.8 thousand units.

The analysis of the existing system of supporting the development of small businesses in the regions of the Republic showed the following. In order to expand the types of financial assistance provided to small business entities by small business support structures, it is necessary to develop the microcredit system and improve the system of subsidizing lease payments. The analysis of directions and measures of support for small business entities shows that providing grants to small business entities that have started their activities remains the most requested measure.

The analysis of the financial support of the small business support centers made it possible to conclude that there are opportunities to place negotiation rooms and halls in these institutions, to conduct business activities, to conduct trainings and educational seminars, to demonstrate educational audiences, and to place jobs.

By opening additional windows for small business representatives, the organization of the state and business interaction facility on the basis of small business support centers will allow further

expansion of the list and quality of the provided services and the realization of the practice of providing complex services to small businesses according to the "one-stop shop" principle.

Summary

Based on the above, the implementation of measures and directions for supporting small business in all districts of our country should be strengthened in the following main directions:

1. Creation of a continuous mechanism of personnel training for organizing and running a small business. Educational organizations should play a special role in this direction, and on their basis, it is necessary to create the possibility of creating special structures and departments or special educational organizations whose activities are focused on training personnel for the profession of small business.
2. Creating an effective system of infrastructural support for small businesses in the region. This direction may include not only the development of existing infrastructure facilities, but also the creation of a single cluster form of infrastructural support of small businesses in the region. It is appropriate to continue to participate in the small business development program proposed by the Ministry of Economy and Poverty Alleviation in order to develop infrastructure for supporting KT in the regions. Currently, several industrial parks are being built in the republic. It is desirable to expand this practice by receiving subsidies from the state budget for the development of infrastructure.

In order to effectively support small business, it is proposed to include the following additional measures in the small business development program:

1. Development of the financial and credit support mechanism for small business with the following means:
 - providing support and venture financing to start-up entrepreneurs operating in the field of innovation;
 - providing guarantees for loans and leasing agreements for the purchase of production equipment for small enterprises;
 - provision of financial resources for the implementation of activities and infrastructure projects aimed at ensuring the development of small business.
2. Development of a property support system by participating in the creation of engineering-technological centers to provide the general needs of small innovative and manufacturing enterprises of the region, at the expense of providing the opportunity for small business entities to freely use the facilities of the production infrastructure:
 - expanding the structure of business incubators;
 - assistance in equipping with production, measuring equipment.

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