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**ANALYSIS SMALL BUSINESS AND PRIVATE ENTERPRISE OF  
UZBEKISTAN**

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*Abstract. The article discusses the current state of small business and private business in Uzbekistan, development problems and state support for small businesses and private entrepreneurship, the number of small businesses and the share of profits in the economy of the republic are also analyzed.*

*Keywords: small business, private enterprise, financial system, export.*

**АНАЛИЗ МАЛОГО БИЗНЕСА И ЧАСТНОГО  
ПРЕДПРИНИМАТЕЛЬСТВА УЗБЕКИСТАНА**

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*Аннотация. В статье рассматривается современное состояние малого бизнеса и частного предпринимательства в Узбекистане, проблемы развития и государственной поддержки малого бизнеса и частного предпринимательства, также анализируется количество субъектов малого бизнеса и доля прибыли в экономику республики.*

*Ключевые слова: малый бизнес, частное предпринимательство, финансовая система, экспорт.*

### **Introduction**

Small business and private entrepreneurship are the sphere of labor application and the source of income for a significant part of the population. This is the most flexible part of the labor market, absorbing the bulk of labor resources with low qualifications and insufficient experience, who want to have a flexible working day. Often, only here can socially vulnerable segments of the population find work: women, young people looking for work for the first time, having a low level of education and labor experience. Small businesses have become one of the important factors in economic development in our country. Small business development is one of the main directions of structural transformation in the economy of Uzbekistan. This sector creates the necessary atmosphere of competition, contributes to the creation of additional jobs and the growth of incomes of the population.

For the development of small businesses and private entrepreneurship, the Republic of Uzbekistan adopted the Law "On Guarantees of Freedom of Business Activity" [1]. The main objectives of this Law are to create guarantees and conditions for the free participation and interest of citizens in entrepreneurial activity, to increase their business activity, as well as to protect the rights and legitimate interests of business entities. Resolution of the Cabinet of Ministers of the Republic of Uzbekistan "On improving the mechanism for stimulating the development of small business" [2]

In modern Uzbekistan, small businesses are represented by individual entrepreneurs, microfirms, small enterprises, as well as dekhkan and farm farms. To ensure the most favorable business environment, business entities are provided with various benefits and preferences, as well as comprehensive support. Privatization is the basis for the formation of a multi-layered economy and the further development of market relations. Over the years of independence, about

86.7 thousand units of state-owned enterprises and facilities have been privatized. As a result, a new social layer of society for Uzbekistan arose - a class of owners of about 6.5 million people. Along with privatization, small businesses also developed at a high pace, which in turn formed the basis for the formation of a market economy and a competitive environment in Uzbekistan.[3]

### **Analysis and results.**

International financial institutions such as the Asian Development Bank, the World Bank, the International Finance Corporation, the Islamic Development Bank, UN entities, countries of the Arab Coordination Group, the governments of South Korea, China, Germany and the United States have allocated over \$145 million in loan resources to finance small businesses and private entrepreneurship. It should also be noted that the creation of the Small Business and Private Business Export Support Fund at the National Bank for Foreign Economic Activity of the Republic of Uzbekistan in accordance with the Decree of the President of the Republic of Uzbekistan of August 8, 2013 No. PP-2022 "On additional measures to support the export of small businesses and private business." In 2014, the fund provided legal, financial and organizational services to 2,000 400 business entities to promote their goods and services to foreign markets. With the assistance of the fund, business entities signed export contracts in the amount of \$1.25 billion, of which more than \$840 million worth of goods were exported last year. Entrepreneurs receive active support from the fund in studying foreign markets and finding foreign partners, participating in international tender tenders, as well as drawing up export contracts, obtaining international certificates, permits and customs clearance. Of course, measures to improve the business environment and create even more favorable conditions for the development of small businesses and private entrepreneurship deserve every support.[4]

Entrepreneurial activity (small business) - initiative activity carried out by business entities in accordance with the law, aimed at generating income (profit) at its own risk and under its property responsibility.

As of January 1, 2023, the number of operating small enterprises and microfirms amounted to 523.6 thousand, which is 60.8 thousand, or 13.1% more than in the previous year. The number of small businesses per 1000 people of the population amounted to 17.9 units. In January-December 2022, 90.2 thousand new small enterprises and microfirms (without dekhkan and farm farms) were again created, which is 8.8% less than the same period in 2021.[7]

In 2022, the share of small businesses in GDP amounted to 51.8% and, compared to 2021, decreased by 2.3 points. The main reason for this decrease was the increase in the volume of added value in large economic entities. In 2022, the largest share of small businesses was recorded in passenger turnover - 95.9%, agriculture - 95.3%, passenger transportation - 93.2%, retail trade - 79.4%, construction - 71.6%.[7]

In regional terms, the largest share of small businesses in the GRP falls on the Dzhizak (78.4%), Surkhandarya (76.8%), Bukhara (74.1%), Namangan (72.8%) and Khorezm (71.6%) regions. In the Navoi region, this figure remains low and is 26.8%.[7]

In 2022, small businesses mastered investments in fixed assets for 128 489.5 billion soums, or 47.6% of their total volume. The growth rate in 2021 was 105.6%. In terms of regions, the largest volume of assimilated investments in fixed capital by small businesses was recorded in the city of Tashkent – 24 108.9 billion soums. Accordingly, in Tashkent region – 13 308.9 billion soums, Samarkand region – 10 449.8 billion soums, Fergana region – 9 731.7 billion soums, Syrdarya region – 9 690.7 billion soums, Bukhara region – 9 498.8 billion soums, Namangan region – 9 430.1 billion soums and Andijan region – 8 633.4 billion soums.[7]

### **Conclusions and suggestions.**

Studies conducted by us show that the risk of slowing down is growing economic growth in the service sector:

-The main and increasing contribution to GDP growth in recent years has come from the services sector. However, it also has the lowest labor productivity due to the dominant share of traditional services, which does not require professional training of workers. The decrease in demand for skilled labor, in turn, leads to a decrease in the quality of education in the country. As a result, the persistence of this trend will increasingly have a negative impact on the competitiveness of the national economy and will limit long-term growth.[5]

- The size of the small business sector in GDP has reached its limits and the low level of labor productivity combined with the rapid growth of wages and incomes of the population (at least 30% per year in nominal terms) creates significant inflationary risks, which is manifested in the steadily high deflator of GDP that has developed in recent years. At the same time, in conditions of low labor productivity, it will not be possible to ensure a constant increase in wages, living standards of the population and maintaining demand factors of economic growth, which is reflected in a constant decrease in this indicator in recent years. In addition, some of those employed in this sector do not pay taxes in full, which creates risks for balancing the state budget and fulfilling their social obligations, maintaining vital infrastructure projects.

As the main problems in the field of small business and private entrepreneurship are still considered:

- investment of own and borrowed funds, as a result of which small enterprises are not able to purchase modern and high-tech equipment;

- problems and difficulties in obtaining land plots for the implementation of entrepreneurial activity, as well as in connecting to engineering and communication networks;

- absence of liquid collateral or this collateral is insufficient for a bank loan at the start of its activity, which reduces the possibility of obtaining a loan;

- difficulties in obtaining long-term loans that stimulate the formation and development of small innovative industrial industries;
- inefficient mechanisms for promoting small business products to regional and world markets, as well as the complexity of competition in the foreign market in certain sectors of the economy and the problems of entering foreign markets;
- availability of development of information systems, marketing, management and logistics services; insurance companies, audit firms, trading houses, advisory offices, business centers, business incubators;[6]
- insufficient development of sales markets, as well as markets for raw materials and materials;
- poor training of professional and qualification level of those employed in small business;
- a large number of regulatory authorities.

Proposed measures to stimulate the development of small business and private entrepreneurship:

- 1) Subsequent easing of interest rates on loans, which will allow small businesses to reduce costs and ensure financial stability, because in world practice, the lower the credit rate, the more production growth and consumer demand are stimulated;
- 2) Organize training with entrepreneurial skills, which is a catalyst for the development of small businesses and individual entrepreneurship
- 3) Continue and strengthen the development of cooperation relations between large enterprises and small businesses, as well as hold cooperation fairs;
- 4) Radically simplifying the processes of coordinating land issues, registering buildings when transferring to the use or ownership of entrepreneurs.

Thus, the full and correct functioning of the country's economy without development,

maintaining and strengthening the activities of small businesses

not possible. For the proper functioning of market mechanisms, improvement small business is one of the most important areas of economic policy

states. Consequently, the main goal of the policy of the executive and state power becomes the creation of mandatory conditions for this..

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