



ACADEMICIA
**An International
 Multidisciplinary
 Research Journal**
 (Double Blind Refereed & Peer Reviewed Journal)



DOI: 10.5958/2249-7137.2021.01374.4

**THE ROLE OF SMALL BUSINESS AND PRIVATE
 ENTREPRENEURSHIP IN ENSURING ECONOMIC GROWTH IN
 UZBEKISTAN**

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ABSTRACT

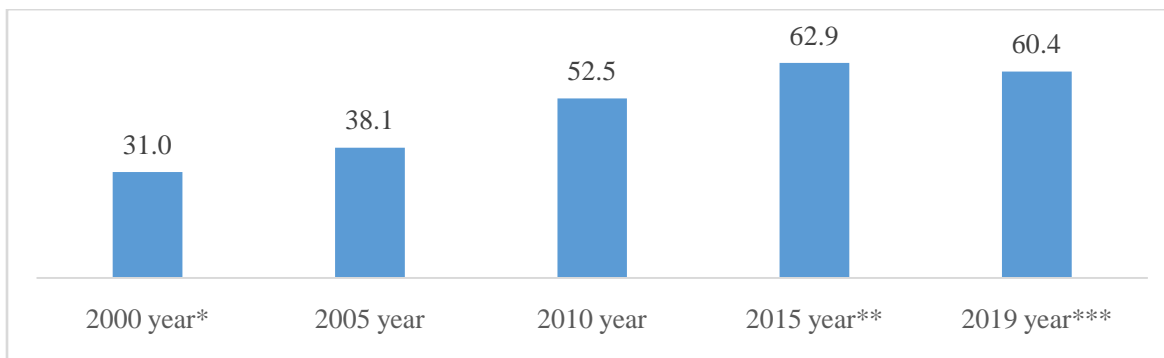
The article examines the features of the development of small business and private entrepreneurship in Uzbekistan, the directions of innovative activities of small businesses. Also, in the context of the Covid-19 pandemic, the state support for small business in our country has been studied. During 2014-2019, the growth in the volume of investments in fixed assets by small businesses in some sectors was significant: 23.5 times in education, 22.5 times in industry, 22.1 times in agriculture, forestry and fisheries, 21.1 times in arts, entertainment and recreation, 19.6 times in accommodation and catering services. The analysis of the above data shows that in recent years in our country it is expedient to develop a new system aimed at full use of their potential in the development of small business, to encourage the introduction of innovations in small businesses.

KEYWORDS: *Small Business And Private Entrepreneurship, Small Innovative Business, Medium Business, Innovative Activity, Innovative Product, Structural Changes, Investment.*

INTRODUCTION

The world experience of small business and private entrepreneurship development shows that the representatives of this sector are characterized by immediate adaptability to sharp changes in the socio-economic, innovative, competitive environment that arises in the system of market relations. During the years of independence, our country has been implementing targeted programs aimed at further improving the business environment, the rapid development of small business and private entrepreneurship. The effectiveness of these targeted state programs is

reflected in the fact that today the share of small business and private entrepreneurship in the country's GDP has reached 56.5%. It is worth noting that this figure was 31.0% in 2000 and 52.5% in 2010. During the analyzed period, the share of small business and private entrepreneurship in the country's GDP increased by 29.4% in points (see Figure 1).



Note: * - *small and medium business*

** - *Data for 2015-2018 are provided taking into account the data that have been accurately included (revalued)*

*** - *initial data*

Figure 1. Share of small business and private entrepreneurship in GDP in Uzbekistan (as a percentage of total)[2]

Programs aimed at creating a favorable business environment, expanding the system of freedoms granted to business entities and strengthening their role in the country's foreign economic activity are also being implemented in our country. In particular, the share of small business and private entrepreneurship in Uzbekistan's exports in 2000 was 10.2%, and by 2019 this figure will reach 27.0%. During the analyzed period, the share of small business and private entrepreneurship in imports increased from 22.8% to 61.6%. The analysis shows that the role of this sector in the foreign economic activity of our country is growing. In particular, a large share of products imported from foreign markets is made by the industry. It should be noted that the country has the opportunity to significantly increase its share in the country's exports through the transition to innovative development of small business and private entrepreneurship.

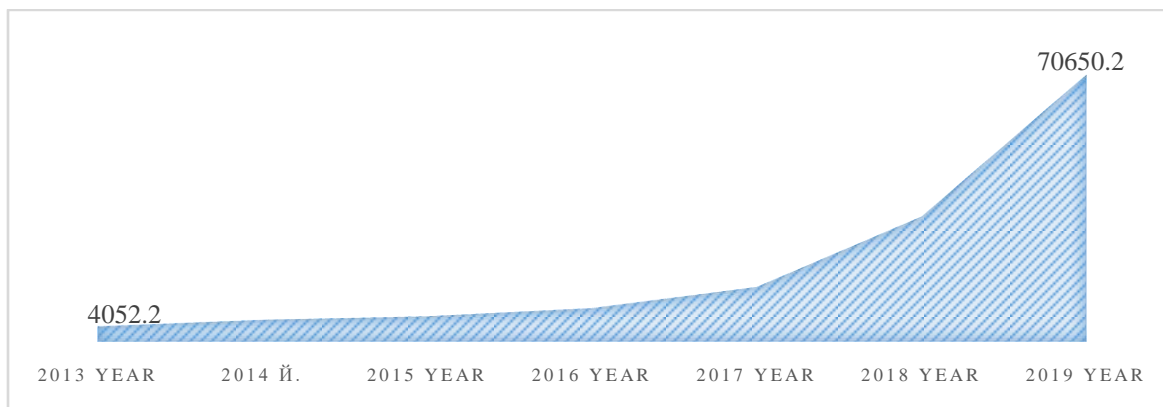


Figure 4. The volume of investments in fixed assets in small businesses in Uzbekistan is one billion soums[2]

In recent years, the volume of investments in fixed assets in small businesses operating in the country is also growing. In particular, in 2013-2019, the volume of investments in fixed assets in small businesses increased by 17.4 times. This growth was particularly significant in recent years, reaching a total of 70,650.2 billion soums in 2019, which is 2.1 times more than the previous year (see Figure 2). It will be possible to assess the use of investment resources of small business by analyzing its composition in terms of technology and sources of financing.

Table 1 shows that in the analyzed period, an average of 72-76% of investments in fixed assets accounted for investments in the purchase of machinery, equipment and household appliances, and 20-26% for construction and installation work. The analysis of the share of small businesses in the sources of financing their investments in fixed assets shows that the largest share in this regard belongs to the funds of foreign investors, which increased from 7.7% in 2013 to 47.6% in 2019. The next source in terms of the importance of its share is the company's own funds, which decreased from 55.9% in 2013 to 19.3% in 2019. The share of foreign loans increased from almost zero to 15.1%, respectively, while bank loans fell from 30.5% to 14.7%. It can be seen that among the sources of financing the investments of small businesses in fixed assets in the period under study, there is a growing trend in the share of foreign investors' funds (including their reinvestments) and foreign loans.

TABLE 1 THE SITUATION WITH THE USE OF INVESTMENT RESOURCES OF SMALL BUSINESSES IN UZBEKISTAN, BILLIONS OF SOUMS[2]

Indicators	2013 year	2014 year	2015 year	2016 year	2017 year	2018 year	2019 year
Investments in fixed assets	4 052,2	5 797,5	6 722,4	8 874,1	14 486,5	33 111,9	70 650,2
<i>Hence, in terms of technological composition</i>							
investments in the purchase of machinery, equipment and farm equipment	3 034,7	4 430,2	4 849,4	6 707,9	10 728,0	24 483,1	52 543,0
construction and installation works	873,4	1 185,2	1 753,0	2 040,9	3 401,3	7 304,4	15 063,8
other expenses	144,0	182,1	120,0	125,3	357,2	1 324,4	3 043,4
<i>Including sources of funding</i>							
own funds of the enterprise	2 264,0	2 942,7	3 624,7	4 702,7	7 358,5	13 358,8	13 663,0
funds of foreign investors, including their	310,9	564,5	329,8	862,4	886,1	3 940,8	33 613,9

reinvestments							
foreign loans	1,3	27,6	509,9	185,1	497,2	1 657,8	10 669,7
bank loans	1 236,1	1 786,2	1 712,0	2 159,1	4 699,2	11 342,0	10 412,7
others	239,9	476,5	546,0	964,8	1 045,5	2 812,5	2 290,9

There are significant differences in the share of fixed capital investment in small businesses across regions of the country. In particular, in 2019, 21.5% of all investments fell to small businesses in Tashkent and 9.9% in Tashkent region. There is also a lack of stability in the growth of investment in some regions. During 2014-2019, the growth in the volume of investments in fixed assets by small businesses in some sectors was significant: 23.5 times in education, 22.5 times in industry, 22.1 times in agriculture, forestry and fisheries, 21.1 times in arts, entertainment and recreation, 19.6 times in accommodation and catering services. [2]

It is possible to analyze the level of capacity utilization in this area by assessing the performance of innovative activities in small businesses in Uzbekistan. The analysis of data in Table 2 shows that in 2013-2019, the number of innovations introduced by small businesses in the country increased by 6.1 times, the cost of innovative goods, works and services produced by 18.6 times, the cost of technological, marketing and organizational innovations increased by 10 , Increased by 7 times. The largest share in the sources of financing of expenditures falls on the company's own funds (55.7% in 2019), loans from commercial banks (30.7%).

TABLE 2 THE SITUATION WITH THE USE OF INNOVATIVE RESOURCES BY SMALL BUSINESSES IN UZBEKISTAN [2]

Indicators	2013 year	2014 year	2015 year	2016 year	2017 year	2018 year	2019 year
Introduced innovations, unit	624	808	884	818	1 180	1 267	3 807
Produced innovative goods, works and services, billion soums	409,8	1 160,7	1 681,8	1 671,9	2 320,3	6 780,6	7 635,7
Expenditures on technological, marketing and organizational innovations, billion soums	181,2	351,4	354,8	211,4	717,2	1 156,8	1 939,9
<i>Including sources of funding</i>							
own funds of the enterprise	163,1	331,2	318,2	181,0	491,7	771,7	1 077,6
foreign investment	8,2	5,7	6,2	6,1	144,7	26,3	191,2
loans from commercial banks	9,8	13,8	24,9	23,6	36,6	345,3	596,5
other funds	0,1	0,7	5,5	0,7	44,3	13,5	74,6

In recent years, systemic measures aimed at increasing the utilization of the economic potential of small business are bearing fruit. “Small business provides about 60 percent of the country's GDP, a third of industrial output, 98 percent of agricultural output and half of investments. In many regions, 70-90 percent of exports come from small businesses” [1]. In particular, to evaluate and encourage the activities of local authorities based on the number of newly established or revived small businesses in the region and the number of jobs created in them, to develop proposals for small business development based on the potential of each district. the introduction of a new system of assistance in all matters, such as their implementation, credit, land and building allocation, connection to infrastructure, has a positive impact on the rapid development of the industry.

During the period of the coronavirus pandemic, which began in 2020, the programs aimed at the development of small business and private entrepreneurship in the country, their clear and targeted support by the state have been consistently continued. In particular, a total of 70,251 new small enterprises and micro-firms have been established in the country this year. In particular, in terms of regions, the largest number of newly established small enterprises and micro-firms was in Tashkent, which numbered 10,786 or 15.4% of the total. This figure was 6,558 or 9.3% in Samarkand region and 6,395 or 9.1% in Surkhandarya region.

In terms of economic activity, 37.0% of small enterprises and micro-firms established this year were in trade, 20.7% in industry, 16.9% in agriculture, forestry and fisheries, and 6.7% in construction [2].

By the end of 2020, the most important “growth point” for the economy in Uzbekistan is the support and development of small businesses and entrepreneurship affected by the pandemic. By the end of this year, the following measures are planned to be implemented:

- support of small business and private entrepreneurship by ensuring timely refund of overpaid income tax, value added tax;
- expanding the allocation of working capital in retail trade and services at a reasonable interest rate for business;
- revision of the adopted legislation and other normative documents in order to determine the norms restricting the freedom of entrepreneurial activity and the competitive environment.

CONCLUSION

The analysis of the above data shows that in recent years in our country it is expedient to develop a new system aimed at full use of their potential in the development of small business, to encourage the introduction of innovations in small businesses. Priority in this type of reform programs will lay the groundwork for achieving macroeconomic stability through the development of small innovative businesses in our country.

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