

## ANALYSIS OF THE DEVELOPMENT OF SMALL BUSINESS AND PRIVATE ENTREPRENEURSHIP IN UZBEKISTAN

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### Abstract

Analysis of the development of small business and private entrepreneurship in Uzbekistan. At the current stage of economic development, small business and private entrepreneurship in our country are considered one of the main factors of economic growth, and the main goal of the ongoing economic reforms is to rapidly develop sectors and industries of the economy by creating a favorable environment for private entrepreneurship. In our country, the change in the share of small business in the main macroeconomic indicators for 2011-2021 has certain fluctuations, and these fluctuations can be explained by the content and essence of the reforms implemented at the national level. In particular, it can be observed that during 2011-2018, all macroeconomic indicators of small business activity, including the volume of gross domestic product, the volume of industrial output, the volume of construction work, the level of employment, and the share in the volume of exports and imports, have been steadily growing. In particular, it is evident that the share of small businesses in GDP increased significantly during this period from 61.9% in 2011 to 62.4% in 2018, as well as in other indicators. Since 2019, the share of small business activity in these indicators has been decreasing according to a clear pattern.

The indicators of the share of small businesses in the main macroeconomic indicators of the country over the past 11 years, as mentioned above, have had a clear trend of change based on regularities. In the period after 2018, as a result of the development of large businesses in our country in parallel with small businesses, including the increase in the size of 45 business entities, the share of small businesses in the main macroeconomic indicators has had a tendency to decrease to a certain extent.

The number of small businesses in the agrarian sector of the economy has increased more than 5 times over the past 9 years, that is, while in 2013 there were 189,867 small business entities operating in the sector, at the end of 2021 their number was 462,834 units.

In industrial sectors, based on the production conditions and characteristics of the sector, it can be seen that the increase in the number of business entities is much slower than in the agricultural sector. If in 2013 a total of 16,627 small business entities operated in the sector, by 2021 their number had reached 45,897 units. In other words, the number of small business entities operating in industrial sectors is almost 10 times less than in agricultural sectors. The rapid increase in the number of business entities is very actively increasing in the transportation and storage services sector as a result of the sharp development of the services sector. If in 2013 a total of 57,376 business entities operated in this sector, by the end of 2021 their number had reached 156,539 units, or in other words, the change was almost 3 times.

In terms of the number of small businesses operating in our country, Tashkent city, Tashkent, Samarkand, Fergana, Andijan and Kashkadarya regions have a high indicator, while Syrdarya, Jizzakh regions and the Republic of Karakalpakstan have an indicator much lower than the national average. In particular, the number of small businesses operating in Tashkent city has increased by more than 2.5 times over the past 9 years. If in 2013 the number of small businesses operating in the region was 37,760 units, by the end of 2021 their number was 94,641 units.

This indicator increased over the period under review from 17,848 units to 44,156 units in Tashkent region, from 12,648 units to 40,724 units in Samarkand region (an increase of 3.5 times), from 16,113 units to 44,156 units in Fergana region, and from 19,966 units to 34,999 units in Andijan region. In Syrdarya, Jizzakh regions, and the Republic of Karakalpakstan, we can see that the number of small business entities is developing in proportion to the number of economically active population in the regions. The number of small business entities operating in Syrdarya region was 6,143 units in 2013, and in 2021 their number was 13,808 units. These indicators have increased over the years, respectively, from 7183 units in Jizzakh region to 19463 units, and from 8383 units to 19998 units in the Republic of Karakalpakstan. Although the number of small businesses operating in these regions has increased significantly over the past 9 years, the regions remain among the regions with the lowest indicators in the country in terms of volume. An analysis of some indicators of the labor market by country also allows for a more accurate analysis of the development of small business activity in our country.

In 2020, more than 680 thousand new jobs were created in the sector of small business and private entrepreneurship. This is half of the total number of jobs created. Today, more than 76.5 percent of the employed population works in this sector of the economy. In 2015, this figure was 49.7 percent<sup>18</sup>. This indicates that the small business sector plays an important role in solving the problem of ensuring employment and creating new jobs.

It is planned to comprehensively support small business in our republic and ensure its transformation into a strong economic sector that can compete in the domestic and foreign markets, consistently produce quality products and provide services. The creation of a favorable business environment plays an important role in the full development of entrepreneurship, which is an important sector of the national economy.

Through these measures, the radical reduction of state and regulatory bodies' interference in the financial and economic activities of enterprises, the further improvement of the system of organizing inspections, and on this basis the strengthening of the protection of the rights and legitimate interests of business entities contributed to the acceleration of the socio-economic development of our country, the provision of stable economic growth rates, and the improvement of the business environment. In order to radically increase the place and role of private property in the economy of the republic, eliminate obstacles and restrictions on the development of private property and private entrepreneurship, reduce state participation in the economy, and consistently increase the share of private property, including foreign capital, in the gross domestic product, the Decree of the President of the Republic of Uzbekistan No. PF-4725 dated May 12, 2018 "On measures to ensure reliable protection of private property, small business and private entrepreneurship, and eliminate obstacles to their rapid development" was adopted. According to the decree, a program of measures was approved to ensure reliable protection of private property, small business and private entrepreneurship, and to eliminate obstacles to their rapid development. Also, from July 1, 2019, individual entrepreneurs, depending on their activity, were given the right to hire from one to three employees, subject to paying insurance contributions to the extra-budgetary Pension Fund in the amount of 50 percent of the minimum monthly wage for each hired employee and a fixed tax in the amount of 30 percent of the established rate for individual employers. In the case of hiring graduates of vocational colleges, individual entrepreneurs

were exempted from the fixed tax for hired employees for twelve months from the date of graduation from the college.

From all of the above, it is clear that Uzbekistan is paying special attention to using the opportunities of small business and entrepreneurial activity to improve the well-being of the population. In particular, various tax incentives provided to our entrepreneurs, simplification of registration and reporting, state assistance in carrying out export operations through various privileges, a sharp extension of the terms for controlling the activities of entrepreneurs, etc. create broad opportunities for local and foreign entrepreneurs operating in our country, and as a result of the rational policy pursued by our state, a favorable business environment is being formed in our country.

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