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INSTITUTIONAL BASICS OF SMALL BUSINESS

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ABOUT ARTICLE

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Abstract: There are economic centers of development in many countries. Most of them concentrated in capital and administrative centers. The importance of small business is to allow develop business, to produce products and to provide services in everywhere. Especially it is important for the regions, towns, district centers and villages. Organization and further support if small business in regions will increase the level of employment of the population, increase tax revenue to local budgets, promote the level of competition, implementing innovation and so on.

INTRODUCTION

One of the most important priorities for the development of the economy of our Republic is the support and development of small businesses. Continuation of institutional and structural reforms, aimed at reducing the presence of the state in the economy. Further strengthening the protection of rights and the priority role of private property stimulating the development of small business and private entrepreneurship. This implies ensuring reliable protection of the rights and guarantees of private property, eliminating all barriers and restrictions, providing complete freedom in the development of private entrepreneurship and small business. Thus creating a favorable business environment for the broad development of small business and private entrepreneurship, strictly suppressing illegal interference of government, law enforcement and regulatory authorities in the activities of business structures.

In the context of deepening economic reforms in the country, the successful implementation of this mechanism depends not only on the efforts of republican government bodies, but also on the

effectiveness of measures taken by regional authorities. That can significantly expand the range of tools and the scope of financial and economic assistance to the processes of formation and development of small businesses locally.

Insufficient knowledge of the institutional foundations and regional mechanism of financial and economic support for small businesses requires a more in-depth scientific analysis and the development of practical recommendations for its further institutional and functional development in the regions.

As defined in the Constitution of the Republic of Uzbekistan, the basis of the country's economy, aimed at developing market relations, is property in its various forms. The state guarantees freedom of economic activity, entrepreneurship and labor, taking into account the priority of consumer rights, equality and legal protection of all forms of property.

A legal entity is subject to state registration in the manner determined by law. State registration data is included in the unified state register of legal entities, open to the public. A legal entity considered created from the moment of its state registration.

To achieve full-fledged financial and economic support and meet the needs of small businesses for financial resources, significant refinement, expansion and implementation of innovative ways. To support the financing of their costs are required, as well as creating qualitatively new institutions for promoting small businesses, making full use of modern economic methods of its state and public support, expanding the range of financial instruments necessary for this. During the period of transition from a state-monopolized economy to a free market, the creation of a middle class of owners acquires special importance, since it is they which most prepared for innovative methods of management and are able to ensure the introduction of new market relations, contributing to the further sustainable development of society.

In addition to the fact that small business is a sphere of employment and a source of income for a significant part of the population of Uzbekistan, it is also the most flexible part of regional labor markets, absorbing the bulk of low-skilled labor resources or those wishing to have flexible working hours. As the most important source of employment and income growth, small business is an important factor in the growth of living standards of the population.

The state's policy towards the development of small businesses dictated by the need to transform the entire economic system towards increasing the competitiveness of domestic producers, which is impossible without the introduction of progressive forms and methods of management in the regions.

In these conditions, small enterprises that are best prepared for the harsh conditions of market economics. Do not require large start-up investments and guarantee a high turnover rate of the resources used, and are able to most quickly and economically solve the problems of restructuring many sectors of the national economy, saturating the consumer goods market with limited financial resources.

The trend towards sustainable improvement of the financial and economic mechanism for supporting small businesses in the Republic of Uzbekistan also expressed in the financial resources provided, including allocated loans from commercial banks.

The registration of business entities introduced throughout the Republic takes no more than half an hour, and with the formation of a legal entity no more than two documents are required, which has contributed to an increase in the number of newly created small businesses every year.

In our opinion, for the full functioning of small businesses, the institutional foundations for supporting small businesses must be strengthened.

Now, only the conditions for registering a legal entity have simplified for the creation and operation of small businesses. But their further functioning depends in most cases on the private entrepreneurial ability of the owner of a small business, his ability to organize the production of goods or services and finding markets for products, on his financial capabilities, including the ability to attract borrowed funds, the ability to solve production, organizational, technical, financial, economic, managerial and social problems.

The introduction of innovation, inventions and the use of the latest achievements of science and technology is also important here. Small businesses experience a number of problems with organizing and financing the costs of purchasing technical equipment, transport and other means of production.

The acquisition of these fixed production assets through traditional financial market instruments for many small enterprises, especially those just starting their activities, seems difficult, and the leasing system, due to its underdevelopment, with the exception of the agricultural sector, has not yet received sufficient development in the region.

The first problems arise already at the stage of purchasing equipment using loans or other borrowed funds, since in most cases it takes several months to search, purchase, transport, install equipment and further operate it to establish the production of goods, which depends on the type of product.

Nevertheless, for credit resources, interest and payments are due from the next month from the date of the loan. The provision of preferential loans by commercial banks is not universal, but occurs in isolated cases and only based on programs of local governments.

One of the main sources of funds for state and regional funds to support small businesses can be the capital of private investors, accumulated through the organization of the issue of targeted bond loans and other securities through the mediation of specialized investment institutions created for developing small businesses in the regions of the republic.

In addition, due to a lack of entrepreneurial ability and lack of knowledge of business management skills, many services provided on a paid basis. The solution to this problem would be to organize free short-term courses or publish relevant literature without theory, which would fully explain business skills in practice, specifically by the addresses of governing bodies, their functions, by region, etc.

There are also problems with the provision of land plots or obtaining land lease. Most entrepreneurs do not rent land plots due to the high cost of rental payments and the uncertainty of long-term lease terms due to the lack of insurance against price increases, etc.

In this case, the solution to the problem would be to lease land plots on a long-term basis and at fixed prices. As well as an open, transparent online sale of land plots with the condition of establishing production by a specific date, in case of failure to fulfill obligations, the mandatory return of these land plots themselves with the application of penalties for getting rid of people occupying and artificially idle plots.

An important area of institutional support for small business in the region is the system of measures of state stimulation of entrepreneurial activity. Which implemented through:

- creating conditions for attracting investments (including foreign ones), modern technologies and equipment into the field of entrepreneurship, as well as for the development of institutions market infrastructure;

- taking measures to expand the participation of business entities in export-import operations, international exhibitions and fairs, in the implementation of various programs and projects in the field of foreign economic activity;
- providing business entities with legal, statistical, production, technological, scientific, technical and other information necessary for their effective activities;
- establishment of local tax benefits, preferences for customs duties and tariffs for small enterprises.

Stimulation of small businesses in terms of creating production, financial and social infrastructure for them carried out through budgetary allocations, as well as funds received in the process of privatization of objects. It is appropriate to mention the state program every family is an entrepreneur, the implementation of which will ensure the problem of employment of the population, increasing the share of small businesses in the gross domestic product, producing a variety of goods and providing modern services.

The widespread development of small and medium-sized businesses will improve the standard of living of the population, increase the volume of tax revenues, the development of infrastructure and communications will to satisfy the demand for various, including exclusive, goods, as well as all the associated positive factors inherent in this process.

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