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**SECTION 31. Economic research, finance,
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STATE SUPPORT OF SMALL BUSINESS AND PRIVATE ENTREPRENEURSHIP

Abstract: *In this paper, the role of small business and private entrepreneurship in the national economy is based on scientifically-based trends. The analysis of the share of small business and private entrepreneurship in the country's gross national product and gross regional product has been analyzed. Also, the role of small business and private entrepreneurship in the region's economy has been studied in Andijan Region and its development outlook for 2017-2021 has been studied.*

Key words: *small business, private entrepreneurship, gross national product, gross regional product, labor, employment, support for small businesses and private entrepreneurship, small business development.*

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Introduction

Today, small businesses and private entrepreneurship have a special place in the national economy. Many theoretical and practical research shows that small businesses have many advantages over large businesses in the economy.

In recent years, a number of laws, decrees and resolutions on the modernization and diversification of production have been adopted and are being consistently implemented in order to create and further liberalize our economy on a completely new basis, improve its legal foundations.

Indeed, the underpinning of the ongoing economic reforms in the country is aimed at further development of small business and private entrepreneurship, the creation of liberties and transforming them into the leading power of the economy.

The development of small business and entrepreneurship in the conditions of modernization of the economy has a significant impact on macroeconomic stability.

As the President of our country Sh.Mirziyoev emphasized, "This is the further development and protection of private property and entrepreneurship". [2]

Research Methodology.

The paradigm of the research was interpretive approaches, and logical conclusions were drawn through deductive thinking. In the research process, methods such as scientific abstracting, analysis and synthesis, and systematic approach were used. The information required for the research was derived from secondary data in the form of quality data and statistical data.

Literature review.

The owner of the Nobel Prize, M.Yunus said that the focus should be focused on the social impact of lending to small businesses. After expanding the financial viability of businesses, they raise the demand for loans at market rates [7]. F.Allen [4] and D. Gail recognize the existence of two systems for SME financing activities - a system based on a bank-based system and a fiscal market-based system. In our view, this conclusion by F. Allen and D. Gail is an important practical issue for transition economies. This is because first of all, in these countries, commercial banks have a leading position in the system of small business crediting; Secondly, there is no possibility for small businesses to attract resources through the securities market. According to Shanel-Reyno and Blua, good relationships between small and medium-sized enterprises with major businesses increase their access to commercial banks loans. Because large enterprises analyze that they can



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meet market demands before entering business relations with small and medium enterprises. It also monitors the status of small and medium-sized enterprises, which is a major business partner. The scientific findings of J.Shanel-Rein and E.Blua are based on the analysis of the experience of the developed countries and are therefore reliable. Their researches are based on a clear analysis of data and serve as a basis for the fact that large business plays an important role in the development of small and medium-sized businesses.

According to MakNoton [6], the function of liquidity supply for agricultural producers is a product of the future. But if there is a drought, they will not be able to harvest the desired crop. Therefore, future crops should be protected from drought, natural disasters. D.MakNoton's conclusion is in line with US and Western European practice. In our opinion, substantiation of the possibility of applying the scientific conclusions of economist scientists aimed at further development of small business subjects in the practice of the republic plays an important scientifically-practical role.

Analysis and results.

As the experience of countries that have reached a pre-eminent position in the world economy, they have raised the standard of living of the population through the development of small business and private entrepreneurship. For example, the share of small and medium-sized businesses in the gross domestic product of the EU countries is 67%, in Germany - 65%, in the USA - 52%. In Japan, 80% of the employed population, in the countries of the European Union - 70% work in the small business and private business.

Taking into account the experience of the developed countries of the world, Uzbekistan pays much attention to the development of small business and entrepreneurship as one of the strategic directions of economic reforms.

Every citizen of Uzbekistan has the right to carry out entrepreneurial activities by creating, buying or selling or reorganizing enterprises. To carry out its activities, the entrepreneur has the right to attract on a voluntary basis the property and funds of other legal entities and individuals, independently employ and dismiss employees and is obliged to pay taxes from their incomes.

Forms of entrepreneurship:

- private (private) business;
- Entrepreneurship with the involvement of hired labor;
- collective or joint venture, carried out by several citizens and legal entities.

A real estate market was established in the republic, and small businesses were sold to citizens at auction and on a competitive basis.

Currently, large and small enterprises are functioning simultaneously in the economy of Uzbekistan, and activities based on personal and family work are being carried out. The sizes of the enterprises depend on specificity of branches, their technological features, from action of scale effect. There are industries associated with high capital intensity and significant volumes of production, and industries that do not require large-scale enterprises, but, on the contrary, it is their small size that is preferable.

The possibility of the effective functioning of small forms of production is determined by a number of their advantages in comparison with large-scale production; proximity to local markets and adjustment to customer needs; production in small batches, which is unprofitable for large firms; elimination of superfluous links of management, etc. Small production is promoted by differentiation and an individualization of demand in sphere of industrial and personal consumption. In turn, the development of small and medium-sized production creates favorable conditions for the recovery of the economy: a competitive environment is developing; additional workplaces are created; structural adjustment is under way; the consumer sector is expanding. The development of small enterprises leads to saturation of the market with goods and services, increasing the export potential, better use of local raw materials. Of great importance is the ability of small enterprises to expand the scope of employment, create new opportunities not only for employment, but primarily for the entrepreneurial activities of the population, the deployment of its creative forces and the use of free production facilities. The preferences, guarantees and rights provided for by the legislation of the Republic of Uzbekistan for small business entities are granted to the above-mentioned commercial organizations on the basis of their appeals to authorized organizations (state tax, customs authorities, state statistics bodies, banks, etc.) depending on the nature of benefits, guarantees and rights, with a written notification that they are subjects of small business. The responsibility for the reliability of the notification is the responsibility of the entities that submitted the notification [3]

By legally supporting small businesses and private entrepreneurship, they have become the dominant part of the economy. The development of small business and private entrepreneurship in the country, their share in the gross domestic product of the country has been rising (Table 1).

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Table-1.
Share of Small Business and Private Entrepreneurship in the GDP of the Republic of Uzbekistan

Кўрсаткичлар	2010 й.	2011 й.	2012 й.	2013 й.	2014 й.	2015 й.	2016 й.
GDP across the country	100	100	100	100	100	100	100
In particular, the share of small business and private entrepreneurship	62,3	64,5	62,4	63,0	63,6	64,1	64,1
Also, the share of small business and private entrepreneurship in GRP as a whole							
Republic of Karakalpakstan	63,6	66,0	63,6	64,0	64,5	64,6	57,0
Andijan region	54,7	56,3	57,0	57,5	59,4	61,4	66,0
Bukhara Region	52,5	54,0	54,6	55,8	56,1	56,5	56,9
Jizzakh Region	77,3	79,8	79,2	79,9	79,9	80,1	80,3
Kashkadarya region	55,0	56,2	51,4	51,4	51,5	51,6	51,7
Navoi Province	34,4	35,9	35,7	36,1	36,9	37,1	37,6
Namangan Province	76,0	78,7	78,4	79,5	79,7	80,2	80,3
Samarkand Region	73,6	76,2	75,9	77,1	77,4	77,9	78,0
Surkhandarya region	71,7	73,8	73,7	74,1	74,5	75,2	75,3
Syrdarya region	77,4	79,8	66,7	67,3	67,7	68,5	68,7
Tashkent region	54,7	57,2	54,6	55,3	56,2	56,7	57,1
Fergana Province	54,7	57,2	54,6	55,3	56,2	56,7	57,1
Khorezm Region	71,8	74,1	73,5	73,8	73,9	74,1	74,2
City of Tashkent	54,7	57,2	54,6	55,3	56,2	56,7	57,1

The table below shows that the share of small businesses and private entrepreneurship in the country's GDP increased by 1.8 percent in 2016, compared with 2010, reaching 62.3 percent in 2010 and 64.1 percent in 2016. If we analyze these indicators by regions, the share of small business and private entrepreneurship in the gross regional product will increase in Namangan region (76.0% in 2010, 80.3% in 2016) and Jizzakh region (77.3% in 2010, 80 in 2016 , 3 percent). Here the lowest indicator is in Navoi region (34.4% in 2010, 37.6% in 2016). [11]

It should be noted that President of our country Sh. Mirziyoev's nomination "Year of Support for Active Business, Innovation Ideas and Technology" by 2018 will allow us to further develop small business and private entrepreneurship, introduce

innovative ideas and technologies in the country, and further expand their share in the country's GDP. [3]

At the same time, creation of favorable business environment for wide development of small business and private entrepreneurship, one of the priorities of the Movement for further development of the Republic of Uzbekistan in 2017-2021, the strict prevention of illegal interference by state, law enforcement and supervisory agencies you need to get it. [1]

Nowadays, under the Cabinet of Ministers of Uzbekistan, the State Fund for Support of Business Development was established. The decree was signed on 17 August by President Shavkat Mirziyoyev.

Among the objectives of the fund are strengthening of legal mechanisms for protecting and guaranteeing the activities of private entrepreneurship, introducing new instruments for

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their state support, expanding access of business entities to credit resources, stimulating the creation of new jobs and further improving the financial and banking system of the republic. [10]

Besides that, in Uzbekistan, the Guarantee Fund for the Development of Small Business in the form of a joint-stock company was established, the corresponding Decree of the President of the Republic of Uzbekistan was signed on February 10 this year.

One of the main founders of the fund is the State Committee for Competition, among other fund shareholders there are the Association of Banks of Uzbekistan, the Chamber of Commerce and Industry, as well as a number of major banks and insurance companies.

The guarantee fund was created to further improve the business climate and accelerate the development of entrepreneurship.

Currently, one of the main obstacles to obtaining a bank loan by small business entities is a lack of collateral, which is the most common reason for refusing to provide a loan.

The solution of this problem will be contributed by the Guarantee Fund, designed to provide banks with loans to small business entities, in a part not covered by collateral.

The guarantee fund is intended to provide banks with loans to small business entities in the part not covered by a pledge up to 50% of the loan amount, but not more than 100 000 US dollars.

The Guarantee Fund also provides consulting assistance to small businesses on the terms of allocation of bank loans, and also helps them in the creation of high-tech and innovative industries.

The main objective of the fund is to provide small businesses with financial support in national and foreign currencies through commercial banks.

The sources of the fund's resource base are:

➤ the initial contribution to the fund in the form of money from the Guarantee Fund of Small Industrial Zones in the city of Tashkent and the Guarantee Fund for the Development of Small Business in the amount of \$ 50 million and 100 billion soums, respectively, followed by the abolition of these funds;

➤ means of the state budget of Uzbekistan within the limits of the approved annual appropriations for these purposes, and in 2017 for the formation of the resource base of the Fund - 100 billion soums;

➤ part of the annual net profit of the Central Bank, sent to the state budget of Uzbekistan;

➤ loans (loans) and grants of international financial institutions, foreign government organizations and other donors involved in the implementation of tasks assigned to the Fund and others.

The Fund will provide guarantees and compensations for commercial bank loans, as well as resources for commercial banks to finance projects:

➤ in agriculture, primarily aimed at creating energy-efficient greenhouses, the development of livestock, poultry, fisheries, rabbit breeding, beekeeping, viticulture and horticulture, including intensive gardens;

➤ in the sphere of processing agricultural products, creating an infrastructure for storage of fruit and vegetable products and logistics centers associated with its transportation;

➤ on arrangement and repair of common areas in multi-apartment houses, carried out by private owners' partnerships and management companies and others. [12]

According to the US Small Business Administration, there are currently 13 million smaller companies in the United States, 2.3 million in the UK and more than 6.5 million in Japan. In the leading industrial countries, the annual growth rate of new smaller firms is as follows: UK - 1.1%, France - 1.5%, GFR - 3%, and the USA - 8%. In Germany, Great Britain, Italy, Japan, the United States, small businesses account for 2/3 of the new jobs that are relatively productive. According to various estimates, around half of the country's population is small in the small business world. In EU countries, 72% of the total number of small businesses in the country is operating, making 63% - 67% of GDP, which is 78% in Japan and 52% - in Japan, 55% in the United States, 54% 50 -: - 52%. There are less than 100 employees in 98% of Japanese facilities. In America, 95% of enterprises have less than 100 employees. This means more than 9972,000 businesses. It is these companies that have a real revival, and 500 largest enterprises have been investing \$ 6 million since 1973. lost their jobs [8]. Employment in small businesses is characterized by relative flexibility, variability in terms of different circumstances, and securing secondary employment. For example, in Germany, the "affiliate entrepreneur" is a phenomenon. In their major businesses, the more unemployed are their own small businesses. This is especially true for lawyers, accountants and auditors. There are also large corporations that allow employees to work at home regularly. In such a case, there is a vast field of development for individual entrepreneurship. Banks, insurance companies, and financial institutions - most of them are almost in the middle of the night. Because "rackbearer" is at work in the daytime, he may have to spend the night at remittances, insurance, or some kind of consultation [9].

Conclusion

As a result of analyzes and researches, it is predicted that the share of SE entities in the GDP of



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Uzbekistan will be 64.4% in 2017, and by 2021 it will reach 65.7%. Also, as a result of regional studies, it is possible to note that in recent years, the share of these entities in Andijan region is noticeably rising, ie by 2016 it amounts to 66.0%, and by 2021 it is forecasted to increase to 74.7 points.

In our opinion, it is expedient to implement the following measures to further develop small business and private entrepreneurship in our country and to achieve this tendency:

- Promote awareness of the concept of entrepreneurship among the population of the country, as a result of which it is necessary to engage in several types of activities to increase the incomes of the population;

- Improving infrastructure in rural areas and creating opportunities for entrepreneurial activity, taking into account the fact that the majority of the population lives in rural areas;

- allocation of preferential credits from commercial banks with the purpose of further development of small business and private entrepreneurship, wide introduction of advanced innovative technologies;

- Increasing the volume of exports of products created by small businesses and private entrepreneurship, simplifying the process of documentation related to them;

- further simplify the financial and tax reporting submitted by small business and private entrepreneurship, and to create greater freedom for their efficient operation.

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