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**D. Gofurov**

Tashkent State university of economics  
Associate Professor,  
Department of Finance,  
[dostongafurov16@gmail.com](mailto:dostongafurov16@gmail.com)

## WAYS TO INVOLVE ENTREPRENEURS IN THE PUBLIC PROCUREMENT

**Abstract:** The article proposes to improve the public procurement system and increase the share of small business and private entrepreneurship in the country's GDP by involving small businesses and private entrepreneurship in the public procurement system.

**Key words:** Public procurement system, state budget, small business, private entrepreneurship, GDP, soft loans, e-commerce, trade, industry, import and export, employment, construction, competition.

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### Introduction

In accordance with the Decree of the President of the Republic of Uzbekistan dated February 7, 2017 No 4947 "On the Strategy of further development of the Republic of Uzbekistan", the "Action Strategy for the five priority areas of development of the Republic of Uzbekistan for 2017-2021" was approved. The third section of the five priorities identified in the Action Strategy is called "Priorities for Economic Development and Liberalization", which identifies five key areas for economic development and liberalization.

The Action Strategy also emphasizes the development of small business and private entrepreneurship, ensuring the stability and balance of the national economy, increasing the share of industry and services, as well as small business and private entrepreneurship.

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The state incurs a number of costs in the performance of its duties. These costs are incurred in

the development of the country and investment in sectors of the economy, as well as in improving the living standards of the population. The public sector will be focused on fulfilling its socio-economic objectives, as well as on specific goals, such as ensuring the country's defense. These costs are primarily planned from the beginning of the year and are aimed at achieving the goals set for the year. Public expenditures are mainly financed from the state budget and other centralized state funds. Public procurement has a special place in the structure of public expenditures.

Procurement of goods, works and services plays an important role in the development practice of the state and is a continuous process aimed at the effective use of funds and investment.

Public procurement organizations in Uzbekistan, ie budgetary and extra-budgetary funds, budgetary organizations, extra-budgetary trust funds, as well as public administration bodies (oversight bodies) and other public organizations as subjects of public procurement possible. The suppliers of goods, works and services for public procurement are business entities, entrepreneurship and small business. Examples of organizations that facilitate the procurement process are service banks, transport and

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forwarding companies, consulting, expertise and other organizations. The Commodity Exchange of the Republic of Uzbekistan has also been established as the operator for the organization of public procurement.

One of the most important directions of economic reforms carried out by the government in our country is to increase the share of small business and private entrepreneurship in GDP and create jobs and incomes, as well as to ensure the national welfare of the country.

It should be noted that in creating new jobs, it is important to further stimulate small business and private entrepreneurship, in particular, to provide them with new benefits and preferences, to create new enterprises, to expand various forms of home-based work. One of the urgent issues in our country is to expand access to small business and private entrepreneurship through preferential loans, raw materials, as well as public procurement. In the field of public procurement, a system of electronic exchange trading, which is widely used in the world practice, tested, reliable and able to give its positive results, is being introduced.

### LITERATURE REVIEW

The essence and economic significance of public procurement, as well as the issues of improving this system have been studied by a number of economists in their research.

N. Dimitri highlights the following main objectives of the public procurement system: coordination of procurement required for public needs by minimizing budget expenditures; creation of an equal competitive environment in the contracting process; ensuring transparency; support for honest and open business; assisting small and medium enterprises in receiving government orders [1].

M.Fogilev noted that despite the fact that the main interest in e-commerce is expressed by the future owners of e-commerce platforms, it should be borne in mind that the organizers of e-commerce are also interested. Properly organized procurement processes are an important tool for increasing profits. Automation of procurement processes allows the company organizing the procurement to reduce costs and avoid unnecessary errors [2].

According to U. Burkhanov, public procurement is the purchase of goods and services for public needs in part or in full at the expense of the state. It is noted that it covers everything from the purchase of a simple pen and paper for the needs of the institution to the construction of schools, colleges, roads [3].

In D.Pulatov's scientific works, it is noted that small business and private entrepreneurship are the pillars of the national economy, the state pays great attention and support to the development of this sector, ie the issuance of state orders to the industry, serves to expand. As a result, the state budget revenues

will increase. It should be noted that public procurement is linked to the state budget. It was noted that along with the interests of the state, the interests of small business and private entrepreneurship, which are the backbone of our economy, must be fully taken into account [4].

Also A.I.Minaylo, A.Zakharov, L.Andreeva, O.Padalka, A.Yu.Fits, N.Zosimov, T.Malikov, N.Haydarov, D.Pulatov, S.Elmirzaev, J.Ataniyazov, Foreign and domestic economists such as U. Burhanov have conducted research on the management of public finances and the improvement of public procurement [5,6,7,8].

### ANALYSIS AND RESULTS

All organizations receive public procurement from a centralized source. Therefore, the announcement of the procurement is entered into a special information portal within a period of not less than 10 days until the supplier of goods (works, services) is identified. This also serves to ensure the transparency of the public procurement process.

Involvement of small business and private entrepreneurship in the public procurement system in our country was strengthened after the adoption of the Decree of the President of the Republic of Uzbekistan dated February 7, 2011 No 1475 "On optimizing the public procurement system and expanding the involvement of small businesses." This decision established a new mechanism in the public procurement system, which is more comprehensive, open and transparent, including the possibility of allocating quotas to small businesses.

Also, in order to consistently continue the measures aimed at improving the public procurement system, based on the tasks set out in this resolution, in April 2011 an improved open and transparent mechanism of public procurement was introduced. Today, this system is being gradually improved.

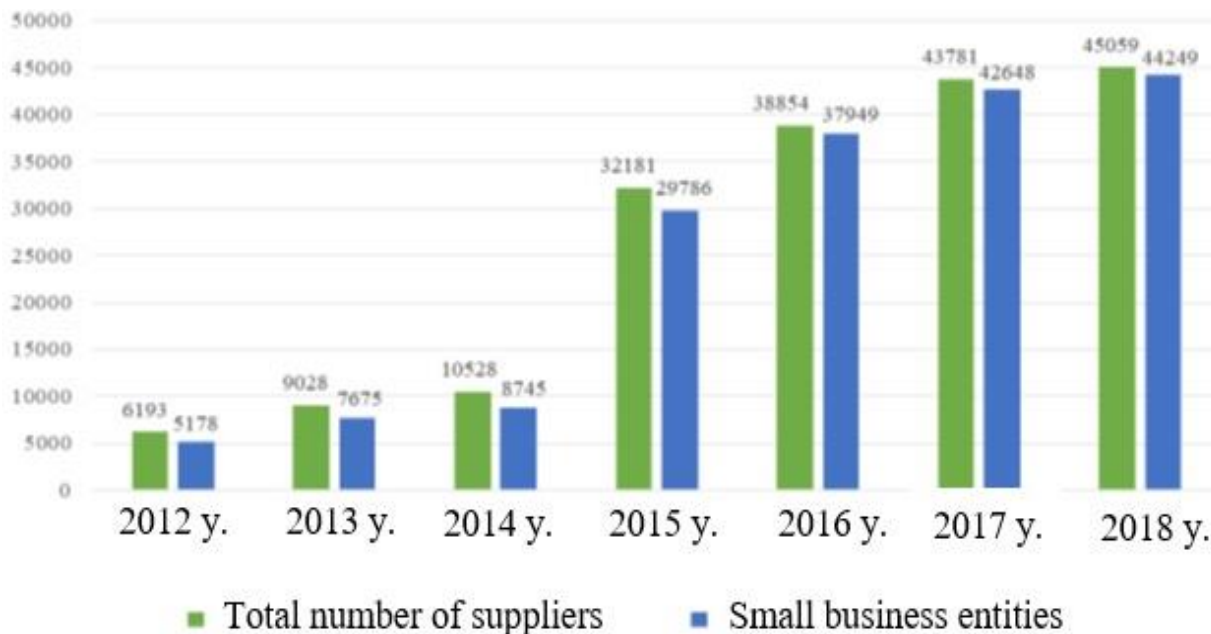
The enterprises of this sector of the economy are gradually introducing an open electronic system for purchasing products, placing government orders for works and services. Currently, e-commerce platforms are widely used. Such conditions created in our country for the creation and comprehensive strengthening of the business environment contribute to the development of healthy competition. Supporting small businesses through public procurement will serve to increase competition among the industry and increase transparency in public procurement by attracting representatives of the industry to the system and increasing the opportunities for industry representatives to obtain government orders.

As a result of the ongoing reforms, as of January 1, 2018, 45059 business entities are involved in the process of e-government procurement. Of these, 44,248, or 92 percent, were small businesses. The

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growth of these indicators compared to previous years can be seen from the diagram below.



**Diagram 1. Dynamics of the number of business entities involved in public procurement and the share of small businesses in it [9]**

Also, in 2012, a total of 5,178 small businesses participated in e-commerce, and in 2018 the figure was 44,249. This shows that compared to 2012, the number of small businesses involved in e-commerce increased by 8.5 times.

In addition, if we analyze the data in the following diagram 2, the share of small business and private entrepreneurship in GDP was 48.2% in 2008, and in 2018 this figure was 59.4%. We can see that this figure has increased by 11% due to the fruitful reforms carried out in our country.

Due to the unique role of small business and private entrepreneurship in the state economy, these indicators are growing from year to year, indicating that the industry is supported by the state and the conditions created for this sector are growing.

The experience of developed and developing foreign countries shows that the growth of the country's economy can be achieved by increasing the volume of goods (works, services) purchased from small businesses, developing innovative activities and creating a healthy competitive environment among the industry. By ensuring the participation of small businesses in public procurement tenders, many bids will be received from these businesses, which will reduce prices and, consequently, save budget funds.

### CONCLUSIONS AND RECOMMENDATIONS

First of all, creating favorable conditions for wide involvement of small business and private entrepreneurship in the system of electronic corporate procurement, development of competition and

transparency in their implementation, optimization of prices for goods (works, services) of natural monopolies and public procurement strategy The formation of the company, ensuring the participation of small businesses and the adoption of foreign experience will play an important role in improving this strategy. It is important for the state to purchase goods (works, services) from small businesses, to assess some of the additional costs that may arise in these processes, no matter how beneficial they are for the state.

Improving the system of public procurement in the country and ensuring the participation of small businesses in government procurement is an important area of influence on economic development. In this regard, the study of foreign experience in the formation of this strategy and the use of this experience in the public procurement system is important in the development of entrepreneurship and small business in our country.

Work is underway to increase the participation of the head of state in the public procurement system by meeting the needs of small business and private entrepreneurship in soft loans and cheap raw materials, as well as the allocation of special quotas that expand access to public procurement.

In recent years, the country has formed the main elements of the system of state support for small business, adopted in countries with developed market economies. However, as in any market economy, there are problems in the economy of our country that hinder the development of business entities. In this

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regard, the creation of a new system of state support for small business and the further development and improvement of this system is one of the most important issues for the successful development of small business in our country.

In our opinion, it is expedient to implement the following areas of support for entrepreneurship and small businesses operating in the country through their involvement in the public procurement system:

- Improving regulations aimed at supporting small business through public procurement;
- Development of a set of state institutional structures specializing in the development of small business and the implementation of state policy in this area, as well as the management of infrastructure that supports the representatives of this sector through the regulation of small business;
- creation of state infrastructure managed, encouraged and supported by the state, as well as its main activity is the development of small business.

Supporting small businesses through public procurement and improving the performance of the industry will help create a healthy competitive environment for them in the domestic market. From the point of view of ensuring the security of internal resources available in the country, it is expedient for the state to implement the following main directions of support for small businesses:

- Improving the financial support of small businesses supplying government orders (formation of government programs that provide small businesses with soft loans, subsidies, tax and depreciation benefits);
- Creation of logistics for small businesses to participate in e-procurement (in various forms and

forms, ie the lease of existing equipment and technology, the creation of business technology parks, etc.);

- consulting and information support (providing access to technical libraries, databases, in particular, the organization of legal services, management, consulting on taxation and provision of legal services);
- further development of market infrastructure (optimization of auctions and tenders for public procurement, equipment and technology markets for small firms, trade markets, etc.).

The main purpose of the above directions is the implementation of state policy in the field of state support by attracting small businesses and private entrepreneurship operating in the Republic of Uzbekistan to public procurement. The financial support of the industry and the creation of an effective financial mechanism, participation in the financing of local and regional programs, as well as the organization of projects and activities to support small business and entrepreneurship will contribute to the development of this sector.

In conclusion, it should be noted that the state support of small business and private entrepreneurship, the involvement of representatives of this sector in the process of public and corporate procurement will ensure the smooth and efficient operation of government agencies. It will also create a pure competitive environment in the domestic market of the country, as well as increase the continuity and quality of goods (works, services) supplied by small businesses to government agencies.

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