STATE SUPPORT FOR THE DEVELOPMENT OF SMALL BUSINESS IN UZBEKISTAN

Suvankulov A.R.,
Tashkent Financial Institute

Abstract

Small business is the most dynamic, flexible and most efficient sector of the economy, being able to be the leading element of economic reformations aimed at creating an economically developed society, successfully mastering newest technologies in the conditions of world economy globalization. According to the UN data, in the world economic system small business provides jobs for nearly 50 percent of the working population of all world countries, the volume of production in the sphere of small business in different countries is from 33% to 67% of GNP. In the EU countries 70% of the population involved in small business, for 1000 people is due from 15 to 30 small business enterprises, the share of small business in GDP varies from 50% to 70%.

Keywords: Small Business

MAIN PART

As the experience of foreign countries shows, one of the most important directions promoting the development of small businesses is the perfection of the financial mechanism, the aim of which is the creation of favorable financial and economic conditions for the stable development of economic entities of the economy. The full support of the dynamic development of small business in Uzbekistan is one of the important components of sustainable high rates of the national economy growth. In Uzbekistan the legislative and organizational base for the functioning small business is created. In recent years, the small businesses sector is an important part of the economic system in Uzbekistan. Paramount importance for the effective development of small business if there is in the country has an effective system of financial, credit and investment support. There is a growing recognition of the ability of small enterprises make a significant contribution to the solution of the problems of population employment by creating new working places, development and increase of competitiveness of entire industries, increasing tax revenues to budgets of all levels, ensuring social protection of population, increasing its prosperity and social economic activity. In recent years in Uzbekistan a special attention is focused on government support and stimulation of the accelerated development of small businesses, which started playing an increasingly important role in promoting economic growth, creating jobs and solving the problems of employment, income growth and welfare of the country. To support the small business development the conditions and privileges of tax and other payments for the sphere of small business and private entrepreneurship have been created in the country. An effective legal environment for developing the system of crediting and financing of small business has been created in the country, and there adopt and operate such laws as "On credit unions", "On microcredit organizations", "On micro financing". National Program for Micro-finance Development in Uzbekistan was adopted in 2007. For small business development there inculcated a simplified procedure for granting as soon as possible, small amounts of loans at attractive interest rates and other advantages of credit resources. There inculcated progressive forms of financial support of private entrepreneurship, as micro-credits, micro-loans and micro-leasing.

One of them is the Asian Development Bank, which according to the project "Development of small and micro-financing" extended a loan of $20 million for develop-
ment of small and micro-financing to Uzbekistan. The project "Development of small and micro-financing" is one of the most successful projects of the Asian Development Bank, and therefore it was included in the state investment program. Predictive parameters of the loan disbursement by ADB approved the program, made ahead of time. In early 2010, the ADB signed an agreement to open a second credit line for small and microfinancing to Agrobank, Hamkorbank and Ipak Yuli Bank. The amount of the credit line is $50 million, including Agrobank - $ 20 million, Hamkorbank - $20 million, Ipak Yuli Bank - $10 million. New project implementation period is three years. These funds are allocated by ADB for a period of 20 years, including five-year grace period. Implementation of this project will enable ADB to expand the scope of small and micro-financing in the country, in addition to provide business entities funds for business development and enhance their business activities.

The total amount allocated to small business and private enterprise credit in 2010 exceeded $ 1.8 trillion soums. The country has taken steps to strengthen the role of commercial banks in financing the development of small business and private entrepreneurship. If in 2009 the volume of bank lending to small businesses increased compared to 2008 in 1.5, and the amount allocated to microcredit has increased in 2, then in 2010 allocated to small businesses loan resources of over 2.5 trillion soums, the volume micro-credit has increased up to 420 billion soums. In 2010, the single tax payment for all small businesses reduced up to 7%, from January 1, 2011 rates decreased up to 6%. Created conditions and adopted active measures for further support of the development of small businesses facilitate the development of small businesses. In 2010 the GDP structure by forms of property 81.7 per cent of the total production volume is for non-governmental sector of economy. The entities of small businesses produced 52.5 per cent of total GDP, that 2.4 percentage points higher than in 2009. Small business enterprises provide employment to 8639.3 thousand persons or 74.3 per cent of total employed in the economy. Small enterprises produced industrial output of 6568.8 billion soums, or 19.6% of total industrial production of the republic. This area used investments of 4745.8 billion soums, or 30.8 per cent of the total volume of investments of the country. For further state support of small business development in Uzbekistan 2011 was declared the “Year of small business and entrepreneurship” and for implementation of the future plans the State program on supporting small business development has been elaborated.

**REFERENCES**