From the history of small business and entrepreneurship in Uzbekistan

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Abstract. This article analyzes historical processes related to the formation and development of small business and entrepreneurship in the Republic of Uzbekistan during the years of independence. In addition, the problems that arose in the process of development of this sector, the issues of state policy regarding the development of small business and entrepreneurship are described on the basis of legal and regulatory documents.

1 Introduction

The successful development of any advanced civilized state in the context of global processes is dependent on taking into account positive and negative historical experience, including economic changes and general trends of developing market relations. From this point of view, it is important to study the characteristics, trends and factors of economic changes in our republic by dividing them into separate sectors, to understand the development of the sector and the changes that have taken place in the recent history of Uzbekistan. At the initial stage of reforms and in the entire strategy of transition to a market economy of Uzbekistan, the problem of fundamental reform and structural restructuring of the republic’s economy in order to identify its natural and economic opportunities and use them effectively has become a problem.

The economic development model of Uzbekistan has an evolutionary character and takes into account the socio-economic potential of the country, the nation's history of statehood, national-religious values, and demographic situation. Our society, which embodies the reforming ability of the state, protects the economy from any political and ideological interference, ensures the rule of law, gradually implements reforms, social protection of the population, serious psychological and social protection in the new market conditions, is at the transition stage. became the basis for its development [1]. Now these principles have been expressed in the “Strategy of Actions on five priority areas of development in 2017-2021” and in “Strategy for the development of new Uzbekistan in 2022-2026” [2].

2 Materials and method

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Scientific methods such as historicity, systematization, analysis and synthesis, explanation, comparison, as well as chronological, periodization, synchronic analysis of events, in specific historical conditions and interdisciplinary approach were used in the research. After we gained independence, on the basis of the strategy of economic reforms, large-scale structural changes and step-by-step processes of forming a multi-sector economy were implemented. Choosing one's own path of development creates an opportunity to choose the right direction by radically changing the situation in the country’s economy, which in turn ensures a stable macroeconomic and financial situation in the republic. Helped to solve problems and develop small business.

3 Results

Development processes of small business and private entrepreneurship, which include several stages, are distinguished by historical reality and innovations, institutional changes. Since the first years of independence, the growth rate of the industry, the fundamental reform of the economic system and the reforms implemented in the field of public service include the following stages.

The first stage (1991-1993) is characterized by the tightening of the tax-budget and monetary policy, and then by the limited privatization of properties, state housing stock and small trade enterprises on preferential terms. conditions. catering, domestic service and other commercial and industrial purposes. Privatization gave the citizens of the country property and wealth that they could dispose of as they wished, which in turn created the basis for the development of this industry.

In the second stage (1994-1996), the government took important measures to develop the privatization of small businesses, to encourage private entrepreneurship, to liberalize the system of state orders for agricultural products, to liberalize the foreign trade regime, and to deeply reform the banking system. was carried out. During 1994-1996, the measures taken to increase the sense of ownership among the population, to establish, sell and buy enterprises and organizations, and to give the citizens of the country the right to engage in entrepreneurship through structural changes gave significant results.

The third stage (1997-2003) is characterized by moderate growth of economic activity under the influence of multi-sectoral factors. On the one hand, the measures taken by the Uzbek government to develop high-tech production that replaces imports in the economy, and to activate the sector, have a positive effect on this sector. On the other hand, unexpected factors hindered the growth dynamics and efficiency of the national economy: in 1998-1999 cotton harvest was the main export product, unfavorable world prices for it, the Asian financial crisis, the default process in Russia, the largest foreign trade partner.

In this regard, in January 1997, the President’s decree “On additional measures to encourage the development of small and medium-sized businesses” was announced, which established the procedure for using credit lines of international organizations intended for the development of this sector economy. In the Law of the Republic of Uzbekistan “On Guarantees of Freedom of Entrepreneurial Activity” adopted in 2002, the criteria for dividing business entities into small and medium types were developed, and the essence of individual entrepreneurship was defined. the main rights and obligations of entrepreneurs were determined.

As a result of the activities carried out for the development of the industry, by the beginning of 2001, their number was more than 190 thousand, including 149.3 thousand operating enterprises, of which 63 percent were employed in the production sector [3].

The fourth stage covers 2004-2008. During this period, increasing the competitiveness of the country's economy, developing and implementing a systematic program aimed at the development of the sector, and expanding the export potential were considered important
issues. These measures, for their part, firstly, gave an impetus to the modernization of enterprises with the involvement of new technologies. Secondly, the number of enterprises that, for various reasons, were not active until the end of the year, increased. For example, if in 2004 14% of registered entrepreneurs did not participate in the economic life of the country until the end of the year, then in 2008 this figure was 7.2%. As of January 1, 2004, the number of small businesses established and operating in the republic amounted to more than 283 thousand, of which 168.6 thousand were micro-firms. If in 2004 there were 11 small businesses for every 1000 inhabitants of the republic, then in 2007 there were almost 15 enterprises in this sector for every 1000 inhabitants of Uzbekistan [4].

The fifth stage (2009-2016) is characterized by a number of historical events and factors. By actively cooperating with foreign investors and local entrepreneurs, our state has created real conditions for improving the legal framework and raising the entrepreneurial spirit of people. The result was significant - in 2010 alone, the number of inspections of business entities decreased by 90% compared to 2005. According to the Unified State Register of Enterprises and Organizations, the number of registered small business entities has reached 494,500.

Due to the involvement of foreign capital in the development of the industry, the range of manufactured products has expanded, and the scope of infrastructure and services has increased. In the process of globalization, the changing nature of international relations was reflected in the economic sphere of the republic. The reason for this is that at the beginning of the development of the industry, the main participants were more than 20 countries of the world, and in 2016, their number has increased to more than 40, and this is undeniable. In the future, the measures taken to attract foreign investors will bring significant results, as the number of countries wishing to open their own business in Uzbekistan will gradually increase.

In 2015, 433 enterprises with foreign capital were created. Most enterprises were created with the participation of Chinese capital. The main part of newly registered small and medium-sized enterprises with foreign capital was concentrated in industries - 219, in trade and public catering - 100, construction - 18, in agriculture - 16, transport and communications - 11, other manufacturing industries - 46, health care, physical culture and sports – 19 [5].

The sixth stage (2017-2021) is associated with large-scale economic transformations of New Uzbekistan. The principles of fundamental reforms in the private sector of the economy of New Uzbekistan are reflected in the “Action Strategy for Five Priority Development Areas in 2017-2021” and in the “Strategy for the development of a new Uzbekistan for 2022 – 2026” [2].

In 2016, the newly elected President of Uzbekistan Sh.M. Mirziyoyev for the development of the industry, the program of attracting private and foreign investments was launched and served as the name of New Uzbekistan for this period.

In 2018, 76 thousand projects with a total value of 21 trillion soums and 1 billion dollars were implemented in Uzbekistan within the framework of the State program for the development of the industry [6]. In the republic, on a systematic basis, efforts are being made to reduce the tax burden for small businesses and business entities, as well as foreign investors. In order to protect interests and create favorable conditions for business activity, in 2018, all types of unscheduled inspections of business entities were prohibited and the powers of supervisory bodies were sharply limited. Requirements for obtaining 138 types of licenses and permits were simplified, 42 of which were completely canceled [7].

In 2019, another task was set to attract more foreign investments to this sector of the economy in order to further develop the sector. Starting this year, entrepreneurs were exempted from income tax and single tax payment when exporting products, works and
services. According to statistical data, as of October 1, 2022, the number of business entities in our republic (excluding farmers and peasant farms) is 513,333, which has doubled compared to 2018 [8]. Currently, 10 million people in our country, that is, 67.2% of the economically active population, are engaged in entrepreneurship. Women’s entrepreneurship is actively supported. In 2021 alone, more than 2 trillion soums of loans and subsidies were allocated to support women's entrepreneurship from the funds of the Women’s Support State Fund, more than 320 thousand women got a permanent job and source of income [9].

4 Results

Thus, the historical analysis shows that in order to develop the economy of every country, it is necessary to expand the sphere of entrepreneurship first of all. Today, more than 51 percent of our country's gross domestic product is accounted for by the researched sector. The rapid development of this sector is a sign that our state is paying special attention to the improvement of the legal framework for the promotion of the development of this branch of the economy, business financing, and improvement of entrepreneurial activities in order to modernize the economy and strengthen the private sector. Improvement of land allocation procedure, development of infrastructure and transport-logistics sector, support of exporting enterprises, simplification of business procedures, elimination of problems such as attraction of foreign investments are of great importance in the development of the sector.

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