

WORLD BANK DB2018 RATING AND ITS PLACE IN THE DEVELOPMENT OF THE ROADMAP FOR ENTREPRENEURSHIP DEVELOPMENT IN UZBEKISTAN

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Abstract: in the article the small business, which is one of the leading sectors of the economy countries, and largely determines the rate of economic growth, the state of employment, structure and quality of the GDP. In the work with the help of observations, statistical analysis and targeted monitoring of the leading ranking of the business climate for small businesses analyzed different criteria that affect the state of institutional and entrepreneurial environments. Based on a detailed study of the international rankings and surveys of business environment Doing Business 2018 by the example of Uzbekistan, the authors puts forward concrete proposals to improve the Enterprise Institute and improve the business climate in the country.

Keywords: business management, institutional environment, competitive environment, small business, international rating.

РЕЙТИНГ ВСЕМИРНОГО БАНКА DB2018 И ЕГО МЕСТО В РАЗРАБОТКЕ ДОРОЖНОЙ КАРТЫ РАЗВИТИЯ ПРЕДПРИНИМАТЕЛЬСТВА В УЗБЕКИСТАНЕ

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Аннотация: в статье исследуется ведение предпринимательства, являющегося одним из ведущих секторов экономики стран и во многом определяющего темп экономического роста, состояние занятости населения, структуру и качество ВВП. В работе при помощи наблюдений, статистического анализа и целенаправленного мониторинга ведущих рейтингов делового климата для малого предпринимательства проанализированы различные критерии, влияющие на состояние институциональной и предпринимательской сред. На основании детального изучения международных рейтингов и обследований предпринимательской среды Doing Business 2018 на примере Узбекистана, авторами выдвигаются конкретные предложения по совершенствованию института предпринимательства и улучшения делового климата в стране.

Ключевые слова: ведение бизнеса, институциональная среда, конкурентные условия, малый бизнес, международный рейтинг.

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In the Republic of Uzbekistan as a result of successfully carried out reforms small business plays a key role in modernization of national economy of the country [1.2]. Modern small and private business in Uzbekistan is considered as target group of the undertaken reforms and that the most important as driving force of transformations in social and economic and socio-political spheres. Today business activity is carried out through institutes of market infrastructure – set of the interconnected design and technological, information and production and organizational systems [3]. She allows to carry out a full cycle of business - from the initial idea to the final practical embodiment in the form of concrete goods or service. The enterprise institutional system for successful functioning has to have also favorable standard and legal base and the effective system of a conclusion to the markets of production of the enterprises. From here the problem of formation of institutional infrastructure is one of the most serious and relevant. At the same time all components of institutional infrastructure of business: interaction with the government, financial institutions, security with technological and production capacities, transparency and availability of information, - so far still don't answer severe competitive market conditions and don't provide growth of economic efficiency of business activity. The situation is aggravated with also significant interregional differences in institutional security of business [4].

The analysis of the main tendencies of development of small business entities in 2016-2017 shows that in the reporting period a number of the system measures directed to creation of conditions for business, attraction of foreign investments for the subjects of small and private business which are a basis of development of economy of Uzbekistan is accepted. In October 5, 2016 beyond No. UP-4848 of year there was a Decree of the President of the Republic of Uzbekistan Sh.M. Mirziyoev "About additional measures for ensuring the accelerated development of business activity, every possible protection of a private property and high-quality improvement of business climate" [5], directed to creation of even more favorable business environment by cancellation of all types of unscheduled, counter inspections and elimination of barriers. Special attention in this document is paid to acceptance of effective measures on ensuring dynamic modernization of small and private enterprises and stimulation of their export activity that has to become the main direction of economic growth of development of branches and regions, employment of the population. Implementation of measures for ensuring reliable protection of interests of a private property and small business contributed in 2016-2017 to the dynamic development of this sector.

As a result of the reforms undertaken in the country the share of small business and private business grows, the private sector takes more and more important place in economy of the state. In a section on main types of economic activity the greatest share of small business and private business in 2017 was observed in agriculture – 99,0%, a passenger turnover – 94,8%. In January-December, 2017 the share of small business and private business in GDP has made 53,3% (56,2% , 2016). It is known that in economically developed countries this indicator is much higher, for example, in Japan the MB share in GDP of the country about 63%, in the USA – 62%, in Malaysia – 47%, and for example, in Russia – 21% [6]. According to the Agency according to the European Union [7] about 58% of cumulative GDP of the European Union fell to the share of the enterprises numbering less than 250 people, the share of such subjects of business from the total number of the operating enterprises of Europe made 99,8%, and all these enterprises together gave employment of 66,9% of all working population of the European Union countries [8]. For cardinal improvement of the business environment, creation of optimum conditions for implementation of business activity, reduction, simplification and increase in level of transparency of all types of the procedures connected with activity of the enterprises, introduction of the standard system of criteria for evaluation of conditions of business in world practice and on this basis of further increase in the international rating of level of business and investment climate in Uzbekistan the Decree of the President №4455 "About measures for further cardinal improvement of the business environment and providing bigger freedom to business" has been adopted on July 18, 2012 [9].

The efficiency of the measures for improvement of business climate taken for the last year confirms the last release of the international report of the World Bank "Business" ("Doing Business"). Data and the ratings of "Doing Business" ("Business" (DB) are updated annually and are published in the report, and on the website <http://doingbusiness.org>. Data reflect a situation as of June 1, the corresponding year of the edition and can be revised at receipt of new information. Revision can concern also early the published reports for ensuring coherence of data. Project "Doing Business 2018: Reforming to Create Jobs" (further DB 2018) - "Business of 2018: Reforming for creation of jobs" gives the chance most fully to estimate the operating standard and legal base regulating business activity, and ensuring their observance in 190 countries at the subnational and regional levels.

"Business of 2018: Reforming for creation of jobs" is the 15th release in a series of the annual edition of the World Bank Group which makes assessment of the norms promoting expansion of business activity and also the norms limiting her. The research "Business" uses quantitative indices which estimate the level of usefulness of precepts of law for business activity and protection of the property rights and also allow to compare data for 190 countries, from Afghanistan to Zimbabwe, in process of their change eventually.

The rating "Business" carries out the analysis of the precepts of law applied concerning private enterprises on 11 areas of their life cycle. This year ten of these areas have been included in the cumulative rating of usefulness of conditions of business. Enter their number: "Creation of the enterprises", "Obtaining construction licenses", "Connection to the system of power supply", "Registration of property", "Receiving credits", "Protection of minority investors", "Taxation", "International trade", "Ensuring performance of contracts" and "Permission of insolvency". "Business" also measures "Labor market regulation" – an indicator which this year doesn't enter rating.

According to the report published on October 31, 2017 ""Doing Business 2018: Reforming to Create Jobs" Uzbekistan has taken the 74th place among 190 countries, having improved the rating on 13 positions in comparison with last year at once. During researches of the World Bank Uzbekistan has risen from the 138th place in 2006 (tab.1.). Moreover, our country was included into the top ten of the countries reformers on creation of optimum conditions for business. At the same time the undertaken reforms have allowed Uzbekistan to become the leader among the countries of Europe and Central Asia in improvement of the business environment and simplification of conditions of business.

Table 1. Doing Business index rating of Uzbekistan of 2006-2018

	Periods of carrying out researches Doing Business													
	2018	2017	2016	2015	2014	2013	2012	2011	2010	2009	2008	2007	2006	
Uzbekistan	4	7	7	8	41	46	54	66	50	50	38	38	47	8

Scales and effectiveness of the taken measures for creation of the favorable business environment are confirmed by considerable improvement on 6 of 10 indicators of the report of the World Bank of "BD 2018". Uzbekistan has taken the 11th place among the countries of the world on an indicator "Registration of the enterprises" thanks to radical improvement of an order of the state registration and registration of subjects of business, having outstripped in this direction such developed countries as the USA, Japan, France, Germany, Italy, Spain, Denmark and others.

In the report it is noted that it became simpler to begin the business in Uzbekistan thanks to start of the new platform for registration of business activity that has reduced the number of procedures with 4 to 3. So, since April 1, 2017 the system online of registration of subjects of business which takes only 30 minutes against the former two working days has begun to work in our country. It is important to note that registration of the subject of business is carried out on the basis of the application completed online. At the same time applicants are given an opportunity to process constituent documents at discretion on the basis of standard forms through this system. In comparison with 15 years ago registration of new business occupies 3 procedures, 5 days and 3% of income per capita (it is estimated at 220 US dollars) against 10 procedures, 28 days and 14% of income per capita. Says about ease of opening of business also the fact that only in 9 months 2017 the number of again created subjects of small business in comparison with last year grew up by 1,3 times.

Completion of complete transition to the electronic form of delivery of the tax reporting and extension of practice of distant payment of taxes allowed to reach the considerable improving of rating of the country on an index "Taxation" (to rise from the 138th to the 78th place). According to the experts the Business commands the level of tax burden of business subjects in Uzbekistan are much lower, than in the USA, Australia, Germany, Sweden, Turkey, China and Russia.

Uzbekistan simplified the procedure and achieved lowering of the expenses connected to payment of taxes due to introduction of electronic system of submission of declarations and payment of the VAT, a land tax, uniform social payment, income tax of legal entities, a tax on improvement and development of social infrastructure, an ecological tax, insurance premiums of citizens to the pension fund, the general contributions to the pension fund.

It led to abbreviation of number of payments with 58 to 10, and time spent for preparation, submission and payment of taxes — from 202 to 181 o'clock. At the same time increase in a rate of a land tax on legal entities led to increase in a tax burden. Establishment since January 1, 2016 of a new order of connection of subjects of business to electrical networks on a turnkey basis promoted simplification of the administrative procedures demanding direct participation at the same time of subjects of business. If earlier at connection to the system of power supply businessmen needed to pass 7-10 instances, then today for this purpose it is enough to file in centers "one window" one petition. All other steps – from preparation of specifications before connection to networks – are carried out by services of the territorial enterprises of electrical networks without participation of applicants.

Process of obtaining permission to connection to the system of power supply has also been simplified by introduction of the system providing all services connected with connection. At the expense of it expenses of businessmen on connection to the power supply network — from 1232% to 883% of income per capita were considerably cut. As a result on an indicator "Connection to electrical networks" Uzbekistan has risen by 56 positions and has taken the 27th place in rating, advancing on this indicator such countries as the USA, the Netherlands, New Zealand, Spain, Latvia, Turkey, Kazakhstan, Canada, Israel and others. Along with improvement of system of rendering public services active work on strengthening of protection of the rights and legitimate interests of investors is carried out. Strengthening of requirements to increase in transparency of corporate management and to disclosure of information on activity joint-stock companies, including about the added and paid remunerations in favor of members of executive body, supervisory board and audit commission of society, has allowed Uzbekistan to rise to the 62nd place on the Protection of Minority Investors indicator. Together with it Uzbekistan lags behind in rating on such indicators as international trade and obtaining the construction license. Despite the reform this year facilitating obtaining permission, process still includes 17

various procedures and 246 days for obtaining the permission for construction of a warehouse in comparison with an average value in 12,5 procedures and expense in 154,5 days in the states of the Organization for Economic Cooperation and Development (OECD) with high income level. In the sphere of international trade expenses of 292 US dollars for compliance to export-import requirements are much higher, than in the states of OECD with high income level where they average 35 and 25 US dollars for compliance to requirements when exporting and importing respectively. First place in the rating of DB2018 in the world was won by New Zealand, the second - Singapore. On the third place — Denmark, the fourth - the Republic of Korea, the fifth - the Special administrative region of the People's Republic of China Hong Kong, a pole – the USA, the seventh - Great Britain, the eighth – Norway, the ninth – Georgia and on the tenth place Sweden. The ranking of DB2018 in a section of the countries of the former Soviet Union is of interest. Analyzing the reasons of change of rating of Uzbekistan, it is necessary to select a row of factors which are characterized by acceptance of normative legal acts, improving or liberalizing many procedures connected to implementation of business activity and interaction with public authorities and structures.

Proceeding from the carried-out above, it is possible to draw a conclusion that the typical problems of business in Uzbekistan taped by the carried-out analysis, the international and internal inspections consist in the following:

- poor quality of bureaucracy;
- existence of the significant amount of the licenses which were outdate and not meeting the modern requirements and allowing procedures in the sphere of business activity. So for the end of 2017, there were 58 types of licenses and 196 allowing documents;
- businessmen still specify an interference of supervisory authorities in their activities. So, only for the first half of the year 2017 the facts of conducting by supervisory authorities of 75 illegal checks and violation of an order of conducting checks in 921 cases are elicited;
- the significant amount of control and supervising functions (35 supervisory authorities) which part duplicates each other remains, or generally they shall not treat the state monitoring;
- rather difficult access to economic resources, businessmen are restricted in access to separate types of material raw material resources because of saving distribution functions of some highly liquid resources. Market mechanisms and possibilities of the exchanges in case of implementation of the main commodity raw material resources are not used fully;
- provision of the land plots for a business organization is not transparent and has several orders differing from each other. As a result businessmen at the initial stage of the activities are stimulated to face the true official bureaucracy;
- overregulation of the external economic relations;
- inefficiency of the procedure of closing of business.

The solution of the problems stated above, in our judgement, requires further enhancement of the basic functions of the state considered by us in the field of regulation of the institutional environment of business, the enhancement of coordination functions of the state including:

- strengthening of control and analytical work of parliament, first of all, connected with carrying out estimates of regulatory influence of the state and economic efficiency of the adopted laws;
- simplification and improvement of conditions of business concerning agriculture, the state customs, health and veterinary control, telecommunications, infrastructure, construction, fire safety, medical care, price regulation, the land relations and the taxation;
- active use of a possibility of Public fund for support of NNO and other institutes of civil society at parliament for periodic carrying out sociological inspections of opinion of domestic businessmen, etc.;
- step by step to reduce a rate of uniform obligatory contribution to GTsF on 0,5-1 sub items annually and to bring her to 0%, covering loss of income with growth of tax burden of final consumption; purposeful operation on lowering of tax burden of small business entities (lowering of a rate of a tax on the salary fund (SF);
- introduction of the new form of the subject of business — medium scale enterprises — with a number of workers exceeding set for small enterprises, but no more than five hundred people. For them it is expedient to use a simplified tax system with payment only of uniform tax payment at the rate at the level of 10 percent and uniform social payment at the rate of 20 percent;
- introduction of the categories of subjects of business unified criterion of determination that will become an optimal solution for prevention of concealment of real income and use of the simplified system of tax administration;
- a failure from ineffective soft loans (to reduce quantity of privileges according to the list of the enterprises and to implement use of branch privileges in practice), to work out percentage policy of banks in new conditions;
- stimulation of family business and home work in processing of the agricultural production made in the country;

□ need for constant use of quasifiscal tools (for example, tax benefits, privileged conversions, debt relief, test diagrams, "price scissors" and also investment extra charges, etc.) for support of payback of activities of the enterprises and branches of economy (for example, many drafts of the Investment program) [11];

□ ensuring stability, coherence and economic efficiency of legal system;

□ it is necessary to cancel an order of target distribution of resources at regulated prices. At the same time businessmen will have an opportunity to buy all resources through the exchanges is absolutely transparent;

□ development of the program providing full introduction of mechanisms audio-and video of fixing of court sessions and also publications on websites of the made decisions of the courts, the transparency aimed at providing and objectivity, reliable judicial protection of the rights of businessmen;

□ further improvement of the mechanism of interdepartmental exchange of information for effective work of system of rendering public services on the principle "one window";

□ permission to the conscientious and positively proved subjects of business to carry out export of goods, works and services without advance payment, opening of the letter of credit, registration of a guarantee of bank and existence of the policy on insurance of the export contract upon political and commercial risks [12];

□ stage-by-stage integration through the interdepartmental integration platform of complexes of the information systems "Solik" (Taxation) and Bozhkhona (Customs), with a possibility of passing of all procedures, providing public services and implementation of payment for transaction services in an electronic form by the principle "one window";

□ the further accelerated development of electronic services and interdepartmental interaction of public authorities and local state bodies;

□ formation of system of monitoring of "index of openness" of activity of state governing bodies, broad involvement in this process of institutes of civil society.

In the conclusion it is possible to tell that only purposeful efforts of the government on further elimination of administrative barriers in business by subjects of business will be able cardinally to change a situation and to help small business entities to take the worthy place in the new market of the Eurasian economic community and also in the long term to facilitate the entry of Uzbekistan into the WTO that finally, will upgrade the rating in the next researches of the World Bank of the Business series in 2019 and the next years and also will serve as a powerful impulse for the accelerated development of business in the country.

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