

**ORGANIZATIONAL AND ECONOMIC MECHANISM OF SMALL
BUSINESS AND PRIVATE ENTREPRENEURSHIP IN THE SERVICE
SPHERE OF UZBEKISTAN**

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Abstract: *the article represents current opportunities which have been implemented to develop small business and private entrepreneurship in the service sphere of Uzbekistan recently. Taking a lot of advantages of small business and private entrepreneurship into consideration, it gives information about organizational and economic mechanism of small business and private entrepreneurship which are directed at improving current state properly. Furthermore, the article provides analysis of the recent development of small business and private entrepreneurship in the service sphere in a brief way in Uzbekistan.*

Keywords: *mechanism, service sphere, Gross domestic product(GDP), business, entrepreneurship, financial support, taxation.*

**ОРГАНИЗАЦИОННО-ЭКОНОМИЧЕСКИЙ МЕХАНИЗМ МАЛОГО
БИЗНЕСА И ЧАСТНОГО ПРЕДПРИНИМАТЕЛЬСТВА В СФЕРЕ
ОБСЛУЖИВАНИЯ УЗБЕКИСТАНА**

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Аннотация: *в статье представлены современные возможности, которые были реализованы для развития малого бизнеса и частного предпринимательства в сфере услуг Узбекистана в последнее время. Принимая во внимание множество преимуществ малого бизнеса и*

частного предпринимательства, она дает информацию об организационно-экономическом механизме малого бизнеса и частного предпринимательства, который направлен на надлежащее улучшение текущего состояния. Кроме того, в статье приводится краткий анализ недавнего развития малого бизнеса и частного предпринимательства в сфере услуг в Узбекистане.

***Ключевые слова:** механизм, сфера услуг, Валовой внутренний продукт (ВВП), бизнес, предпринимательство, финансовая поддержка, налогообложение.*

INTRODUCTION

Nowadays Uzbekistan like other developing countries pays great attention to enhance service sector and small business and private entrepreneurship in it in order to reach guaranteed economic growth along with economic stability, in other words, economic reforms, decree and resolutions which are directed at improving service sector are being implemented so as to make favorable conditions for economic entities. According to Doing Business -2018, presented by World Bank in October 2019, Uzbekistan ranks 13th in the World Bank's "Business Clothes-2018" ranking and is among the top ten countries in the world in improving the business environment. [6]

LITERATURE REVIEW

Economist scientist U.V.Gafurov in his doctoral dissertation provided the provision of preferential loans and subsidies as the most widely used types of state regulation of SBPE(Small business and private entrepreneurship) development, the introduction of simplified taxation, setting tax breaks, promoting new product creation and introduction, providing guaranteed sales markets for products, training and retraining of personnel [3].

In the scientific literature, the concept of "mechanism" is used in different meanings: the concepts of "regulatory mechanism", "state participation mechanism", "control mechanism". Also, organizational and economic mechanism of development of SBPE(Small business and private entrepreneurship) is based on 3 main concepts: "mechanism", "development" and " SBPE(Small business and private entrepreneurship) structure" [4].

RESEARCH METHODOLOGY

Comparative analysis, logical analysis, structural analysis, statistical grouping, synthesis, induction and deduction methods were used in the research.

ANALYSIS AND RESULTS

Based on our analysis of the research, there are the following organizational and economic mechanisms for government to support SBPE(Small business and private entrepreneurship) in general:

1. Normative and legal mechanism for the regulation of Small business and private entrepreneurship. This mechanism basically covers the various legislative acts of the Republic of Uzbekistan that are directly and indirectly

regulated by the SBPE (Small business and private entrepreneurship) activity, Decrees, Resolutions of the President of the Republic of Uzbekistan, Resolutions of the Cabinet of Ministers of the Republic of Uzbekistan, other laws adopted by the ministries and committees and agencies. In particular, the main normative and legal acts are the laws of the Republic of Uzbekistan "On Entrepreneurship in the Republic of Uzbekistan" № 207-XII of 15 February 1991 and "On Denationalization and Privatization of the Republic of Uzbekistan" of 19 November 1991, 425-XII, more than 500 different legal acts have been adopted so far. Based on these legislative acts, the Decree of the President of the Republic of Uzbekistan dated March 18, 2017 №-2897 "On Establishment of the State Committee of the Republic of Uzbekistan for the Promotion of Privatized Enterprises and Development of Competition", №-2895, dated March 18, 2017, "Measures about improving efficiency of working with privatized enterprises" and Resolution of the Cabinet of Ministers of the Republic of Uzbekistan "On measures to streamline the system of micro-crediting of business entities and the broad public" dated March 17, 2017, and Decree of the President of the Republic of Uzbekistan "On Establishment of the Institute for the Protection of the Rights and Legal Interests of Entrepreneurs" №-5037 dated May 5 2017, became an important page in the further development of the activities of SBPE (Small business and private entrepreneurship) subjects. Because, according to the aforementioned Decree №-2897, comprehensive support for the recovery and improvement of productivity of privatized enterprises, creation of new workplaces to ensure sustainable growth of the income of the population, on the basis of the aim to adapt strong cooperation of activity among the competent state bodies, financial and other market structures, Coordination of the joint activities of the Chamber of Commerce and local authorities are one of the most important task of the newly established Committee of the Republic of Uzbekistan for the Promotion of Privatized Enterprises and Development of Competition.

Also, according to the Decree of the President of the Republic of Uzbekistan №-5037, the Institute for the Representative of the Republic of Uzbekistan for Protection of Rights and Legal Interests of Entrepreneurs (Entrepreneur Ombudsman) was established. The representative is responsible for the participation in the formation and implementation of public policy in this area, the rights and legitimate interests of entrepreneurs as well as oversight over the implementation of legal acts, as well as legal support of business entities. Also, it makes proposals related to the current legislation and requirements of the legislation, evaluating the impact of their activities on entrepreneurial activity, improving the legislation on strengthening legal guarantees and stimulating development of entrepreneurship [1].

2. Financial Support Mechanisms of Small business and private entrepreneurship.

This mechanism includes all the documentation and lever that are directly related to the financing, crediting and rendering of micro-leasing services to SBPE(Small business and private entrepreneurship) entities. As a result of measures undertaken by the government to support SBPE(Small business and private entrepreneurship) in recent years, the volume of loans provided by commercial banks and the volume of microfinance services are growing from year to year. Particularly, Resolutions of the President of the Republic of Uzbekistan PR-2746, dated January 31, 2017, and PR-2844, dated 17 March 2017 highlight issues related to allocating credits to the activity without establishment of a new registered legal entity in distant and difficult areas, loans to individual entrepreneurs and family entrepreneurs in the amount of up to 100 times the minimum wage at the expense of the special lending program , and also the main objectives of preferential micro-crediting are to provide maximum access to microfinance services to SBPE(Small business and private entrepreneurship), first of all, to create new jobs in family and private entrepreneurship, to provide them with concessional loans for active participation in entrepreneurship activities, and increasing the income of low-income and disadvantaged population, increasing the role of self-governing bodies in the employment of the populatio .[2].

At the same time, the size of the microcredit with preferential microcredits is up to 200 times the size of the minimum wage, up to three years with the term of grace period of six months, with the following percentages per annum: 1 job creation - 9%, 2 workplaces - 8%, 3-4 jobs - 7%, 5% and more jobs - 6% [5].

3. Mechanisms of property support for SBPE(Small business and private entrepreneurship). According to this mechanism, the SBPE(Small business and private entrepreneurship) is provided by state authorities and local self-governing bodies in the form of property support, as well as delivery or use of state or private ownership, as well as land parcels, construction, non-residential buildings, equipment, machinery, mechanisms, devices, vehicles, and inventory, particularly, the "zero value" of business premises is an example.

4. Infrastructure support mechanisms for SBPE(Small business and private entrepreneurship) are primarily designed to support all types of infrastructure, incentives, The State Committee of the Republic of Uzbekistan on Statistics, the Ministry of Economy, the State Committee for the Promotion of Privatized Enterprises and Competition, Chamber of Commerce and Industry, commercial banks, rating agencies, investment funds and exchanges, auditors, depositaries, insurance companies, export-import companies, information and consulting companies , which is meant to provide assistance provided by newly remodeled "single window" organizations. Particularly, the development of SBPE(Small business and private entrepreneurship), implementation of various programs, placement of orders for goods and services for government needs, formalizing credit documentation, registration, licensing, certification and so on.

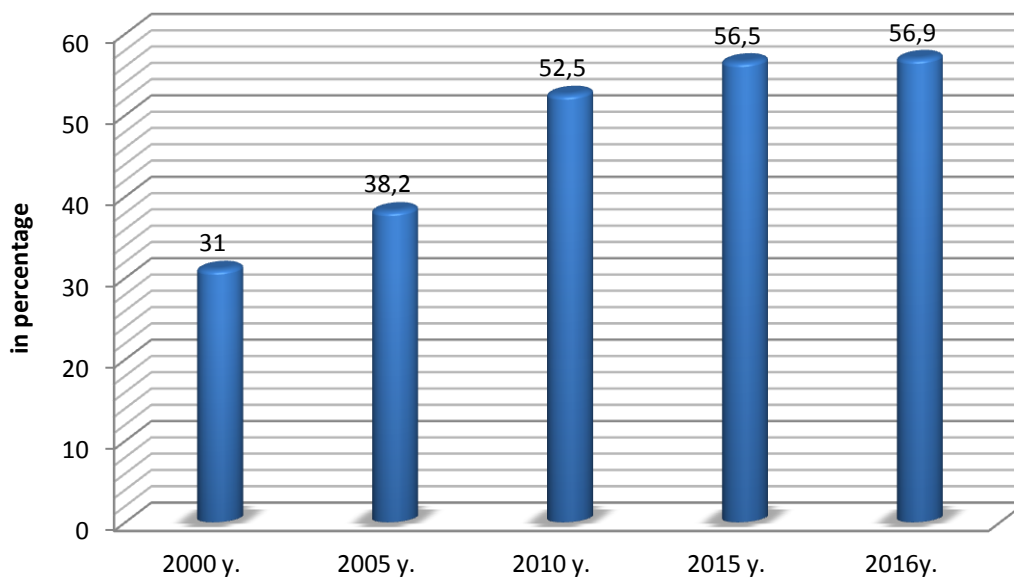


Fig. 1. The share of small business and private entrepreneurship in GDP [5]

The implementation of comprehensive measures to further improve the business environment provides an opportunity for development and sustainable economic growth of small businesses and private entrepreneurship. In 2000-2016, the share of small business in GDP increased from 31.0% to 56.9% (by 25.9 percentage points) (Fig. 1).

CONCLUSION/RECOMMENDATIONS

In conclusion, aforementioned organizational and economic mechanism of small business and private entrepreneurship implemented in the service sector is one of the key factors to develop service sector as well as its spheres, and also further developments of the sector undoubtedly help countries to provide employment of the population which leads to increase the income of them.

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