

## MAIN PROBLEMS OF SMALL BUSINESS DEVELOPMENT IN THE REPUBLIC OF UZBEKISTAN

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### Annotation

This article makes an attempt to form a social portrait of small business and the problems of supporting and developing small business in the Republic of Uzbekistan.

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In the economies of developed countries, the number of people employed in small enterprises is more than 50% of the number of people employed in the general economy [1]. It is in small-scale production that most of the innovation occurs, creating additional jobs and creating a “middle class.” These countries have active and consistent policies to support and develop entrepreneurship. Opportunities for small businesses in the Republic of Uzbekistan have not yet been fully exploited.

In order for business activity to be effective, it is necessary to ensure optimal harmony of interests of the state, consumers and business entities. To do this, it is necessary to introduce an orderly and effective legal framework for small businesses, which will stimulate the development of entrepreneurship, as well as create favorable conditions for those who are ready to start and continue entrepreneurial activities.

Despite numerous programs to support small businesses, small businesses in Uzbekistan still cannot withstand the brunt of all the difficulties that fall on their weak shoulders: a confusing registration scheme, tedious visits to inspection bodies, low level. financial security of most small businesses due to difficulties with the initial accumulation of capital, the inability to obtain a loan on preferential terms and the inefficiency of the tax system.

Small businesses face a problem from the very beginning of their activities - the registration system is a complex, confusing system for a beginning entrepreneur, which is impossible to master without outside help. The whole procedure takes about a week [2].

For comparison, it can be said that in many US states, for example, in Washington, registration of individual entrepreneurs is not required at all, except in cases where it is planned to carry out activities that require licensing [3].

To set up a company in Germany, you only need to notarize legal documents, open a company bank account and register a company vehicle. In general, the entire procedure takes several hours [4]. The tax burden should fall less on the modest wallets of small entrepreneurs, so that small businesses strive to conduct their activities in a legal form, and not “in the shadows.” Although these problems have been resolved by revising and introducing amendments to the Tax Code of the Republic of Uzbekistan on

taxation of small businesses, these measures are not enough.

Currently, small businesses must pay a number of mandatory taxes: income tax of an individual entrepreneur as an individual (NDFL); value added tax (VAT), often associated with the sale of goods and services by individual entrepreneurs; property tax used by an individual entrepreneur for purposes related to business activities [5].

Depending on the direction of the entrepreneur's activity, it may be necessary to pay certain specific taxes: when selling excisable goods - excise tax; for business activities related to the use of water and natural resources - water tax and fees for the use of wildlife and water bodies; for mining - mineral extraction tax, as well as many others.

In addition, there is a simplified accounting system, and here many entrepreneurs are disappointed - not all individual entrepreneurs can use the simplified accounting system, since there are restrictions on the types of activities, the cost of fixed assets, the amount of income and income. .

Small business tax policies in most countries are slightly stricter than in Uzbekistan. Japan has introduced tax incentives of up to 50% for small firms that have switched to the path of innovative development and produce products based on new technologies, which helps attract investment and highly qualified specialists [8].

In the UK, France and Germany, businesses have the option to use accelerated depreciation, which means they are allowed to write off 40-50% of equipment purchased in the first year [6].

Taxes in the US are much lower, which makes doing business in this country more attractive; You can start a business by purchasing a license for a specific type of activity, which replaces many local taxes and fees [3].

Another important problem for small businesses is the lack of funds and high interest rates on loans. The lack of a clear mechanism for implementing government measures to support small businesses, difficulties in obtaining loans, production capacity and material resources have put small businesses in an unequal position with large enterprises. This forced them to limit their growth and focus primarily on sales, purchasing and brokerage activities.

ADB "Turonbank", within the framework of the "Microcredit" credit program, provides loans to small businesses registered with state registration in the manner prescribed by law, in the amount of up to 1000 (one thousand) times the base calculated amount. Loans (microloans) for the formation of fixed assets are allocated based on the source of resources available in the bank and the payback period of the project (for a period of more than 1 year), subject to the payment of an annual premium. 20%. Loans for the construction of new multi-storey buildings to enterprises engaged in construction activities are allocated for a period of up to 18 months with a grace period of up to 36 months, taking into account the conditions for the construction and sale of multi-storey buildings. building.

In the US, the Small Business Administration (SBA) provides a lot of support in the form of training, advice, promotion of various benefits and advocacy for small companies. In addition to moral support, you can receive financial support from the AMB - a loan, a guarantee or a loan. AMB allocates special loans from its own funds to companies owned by war veterans or representatives of national minorities, as well as enterprises located in regions with high unemployment [7, p. 24–28]. ABM provides loans at a rate of 3-4% per annum for up to 8 years to companies engaged in the development of biotechnologies, alternative energy sources, IT technologies and DNA research.

In Germany, the percentage of loans for small businesses is quite low (5-6%), but it is possible to reduce this figure: a new entrepreneur submits his business plan to a commercial bank at his place of residence, and if the decision is made. if he is positive about providing a preferential loan, he can receive it at a lower rate of 1-2%, and in the first year you have the right not to pay interest at all [8, p. 310–313].

An important obstacle for small businesses are administrative obstacles: mandatory rules for conducting economic activities established by the state or local governments, the implementation of which leads to personal costs for the entity that exceed its benefits.

Another problem for small businesses is the low supply of production, warehouse and office space. Most small businesses do not have enough funds to rent or build their own premises, so they have to buy them from private individuals at a higher price. must be rented.

Thus, small businesses in the Republic of Uzbekistan face a number of difficulties, the elimination of which serves as a kind of “sieve” for companies that cannot survive in the country’s market. Based on statistical data, conclusions can be drawn about the number and condition of small enterprises in the Republic of Uzbekistan (Tables 1).

**Table 1 Key indicators of activity of small and medium-sized businesses as of January 1, 2024 [9]**

Years	2020 y.	2021 y.	2022 y.	2023 y.
Started activities	93 214	98 886	90 177	86 030
Stopped operations	11547	48676	24130	31295

Based on empirical observations, it is possible to create a social portrait of a small business.

In general, a significant part of the population of Uzbekistan has a positive attitude towards small business. Many people want to start their own business and are looking for opportunities to realize their idea, but it can be noted that many people have a critical eye towards themselves and this desire can be realized, but they know that this will not happen. increased. A significant portion have not taken any steps to open their own business over the past year. In this regard, a not very positive trend can be noted: the majority of respondents have the desire and idea of starting their own business, but do not take any steps in this direction. Why is this happening?

As a rule, the main problems when starting a small business are: lack of financial resources, lack of knowledge and financial literacy, incorrect plans for developing your business for the future, pressure from inspection and regulatory authorities.

However, only a few of those who dream of starting their own business decide to do so. The problem is often not a lack of opportunity (after all, there are many people who started their business from scratch and achieved great results), but the inability to overcome fear, overcome doubts, and find strength and motivation.

Entrepreneurship always involves great risks. According to most people, no one can guarantee the success of a business and they have to rely only on their own strengths and resources. The prospect of losing money, your “home” or a stable salary frightens you and discourages you from starting your own business. However, for these reasons, opening your own business should not be left “for later”; you should carefully analyze the risks and draw up a business plan correctly;

There is no doubt that everyone has different abilities and desires that can be successfully implemented in a small business.

Yet a small portion of the population is trying to take advantage of this prospect. Many people find it more convenient and convenient to come and go to work and complete tasks at a certain time, so as not to face the risks and several difficulties that are an integral part of being an entrepreneur. assigned to them. It’s not for nothing that psychologists distinguish between so-called “leaders” and “followers.”

At the same time, small business also gives people a number of obvious and important advantages: decent income, realization of their potential and ideas, reputation.

Thus, it can be determined that there is a clear need for special programs to encourage and educate the population in the field of small business and financial literacy, since small businesses are all around us

and are part of the infrastructure for the smooth functioning of society.

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