

Improving the Mechanism of Financial Regulation of Business

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Abstract: This article discusses how to further reform, further stabilize and grow small business and private entrepreneurship in the Republic of Uzbekistan, and to what extent the potential of small business has grown.

Keywords: business, business entities, real income, employment, GDP, agricultural relations, market economy.

Introduction

One of the main ways to strengthen the economy of the Republic of Uzbekistan, its comprehensive development and accelerate the transition to a market economy, in particular, is the development of small business and private entrepreneurship. Therefore, a number of laws, decrees and resolutions have been adopted on the development of entrepreneurship, its support by the state, the initiative and encouragement of private entrepreneurship. It is difficult to imagine the fundamental basis of economic and social reforms in our country without enterprise, efficiency and business acumen. The development of free market relations affects people's lives, their way of life, spiritual and household skills [1]. Support for small businesses and private entrepreneurship not only solves economic problems related to the sustainable development of the economy, the improvement of economic relations, the development of competition and the filling of the consumer market.

In order to further stabilize small businesses and private entrepreneurship in our country, the President of the Republic of Uzbekistan signed a decree "On strengthening the protection of private property and guarantees of property rights, entrepreneurial initiative."

"On additional measures to radically improve the system of organizing auxiliary work, as well as to expand the access of business entities to financial resources and production infrastructure" PF-5780 dated August 13, 2019 Resolution No. PP-4417 dated August 13, 2019, 2019 Resolutions President of the Republic of Uzbekistan "On the organization of the Agency for the Development of Small Business and Entrepreneurship under the Ministry of Economy and Industry of the Republic of Uzbekistan". [2]

Analysis of relevant literature

One of the main goals of building a socially oriented market economy in Uzbekistan is the priority development of small businesses and private entrepreneurship in the country. To achieve this goal, economic reforms were carried out and a large institutional base was created to enhance its role. These include legal documents regulating the organization of entrepreneurial activity, non-governmental organizations and enterprises that provide assistance to entrepreneurs. The formation

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of a complex of private entrepreneurship and small business in Uzbekistan is successfully progressing. Small businesses can create jobs independently of the state, that is, without large capital investments, reduce the temporary shortage of available goods, or even completely eliminate this shortage. In today's society, small business should be focused on meeting the needs of people. This is especially true for the sphere of household services and consumer goods. Small businesses also play an important role in technological innovation.

A preliminary study in the field of legal regulation of entrepreneurial activity was conducted by lawyer B.Ibratov. He argues that all the activities of the entrepreneur are mainly the analysis of market opportunities, their use, the implementation of innovative ideas, and not the traditional class definition of the entrepreneur, which leads to the essence of capitalist exploitation, but his human function of his work in this area, which explains the need to turn attention to its role and social significance in society. The entrepreneur also characterizes it as a set of organizational, economic, financial, legal and other economic relations that provide reproduction services in certain segments of the market economy. (2)

Research Methodology

Small business and private entrepreneurship are important drivers of economic development, employment and income. Over the past two and a half years, more than 50 decrees and resolutions of the President have been adopted, aimed at comprehensive support for representatives of this sphere. In particular, procedures for state registration of business activities, obtaining various permits and many other services.(3)

To facilitate this, the Public Services Agency and its field centers were established. The position of the Commissioner for the Protection of the Rights and Legitimate Interests of Business Entities has been introduced. Reception offices of the Prime Minister have been set up in all regions to receive and resolve applications from entrepreneurs. The State Fund for Entrepreneurship Development under the Cabinet of Ministers has been established for the amount of 200 billion soums and \$50 million. At the same time, the volume of loans provided to entrepreneurs by commercial banks increased. Such practical measures are bearing fruit. Small businesses account for about 60 percent of the country's GDP, a third of industrial output, 98 percent of agricultural output, and half of investment. In many regions, small businesses account for 70-90% of exports.

The main goal of Uzbekistan's economic reforms is to build an open foreign policy, a stable socially oriented market economy, a strong democratic rule of law and civil society. Market reforms in the country are carried out firmly and consistently. Thus, the following conditions have been created for the development of small business and private entrepreneurship in the republic:

1. Registration time for small businesses is 30 minutes. To register as an individual entrepreneur, only one document is required, and to register a small business as a legal entity, two documents are required.
2. The single tax rate, which is an important factor in creating favorable conditions for the development of small businesses in almost all industries, is 5% of the volume of goods and services sold. At the same time, the current rate of the unified social payment for small businesses is 15%.
3. Newly created production enterprises with foreign investments have the right to apply the rates of taxes and obligatory payments within five years from the date of their registration. Since 2018, small businesses with a land area of more than 1 ha must pay a single land tax.

4. Financial support for small businesses is carried out by: providing loans by banks at preferential rates; Guaranteed 50% of loans provided by the State Entrepreneurship Support Fund for entrepreneurial activities and reimbursement of accrued interest on loans from commercial banks.
5. Protection of business interests is carried out by a body that protects the rights and legitimate interests of business entities. Unscheduled inspections of small businesses, as well as first-time financial and economic offenses, have been canceled in Uzbekistan, business entities are exempted from all types of administrative fines.
6. Entrepreneurship support centers have been established in all regions of the country in centers operating on the principle of "one-stop shop" that provide public services to businesses. Business incubators have been created for start-ups to create their own business plans, provide legal and practical assistance, and get the information they need to get started.
7. Clusters of young entrepreneurs have been created throughout the country by conducting entrepreneurship training courses for entrepreneurs, implementing projects based on privatized facilities, and leasing land for 5 years at a zero rate.

At the same time, it is necessary to highlight the problems that prevent small businesses from realizing their full potential. More than 62 percent of those employed in small businesses are individual entrepreneurs, and only 16 percent are small businesses and micro-firms. The lowest rates of employment of small enterprises are in Navoi (11.3%), Kashkadarya (12.4%) and Tashkent regions (13.2%). In small businesses, 34.2 percent are employed in agriculture and 12.7 percent

- In industry, 11.6% are employed in construction, 13.4% in trade and 28.1% in services.

Analysis and results

An analysis of the above positions by sector shows that we can observe a relatively low level of small business in the industrial sector, where the efficiency of job creation is high compared to other sectors. Maintaining the current pace of growth may lead to problems in the future with the growth of wages and real income from entrepreneurial activity. This situation may lead to a limitation of social guarantees provided by the state to the population. In addition, the share of small businesses in sales remains high. In the retail trade turnover, we see that the share of small enterprises and microfirms was 20.2%, and the share of individual entrepreneurs was 69.4%, which negatively affects the flow of funds to the banking sector and inconsistencies in the tax base of small businesses.

As a result of sweeping reforms to support entrepreneurs and improve the business environment, Uzbekistan has climbed 7 positions to 69th in the World Bank's Doing Business 2020 report and has been named one of the world's top 20 reformers. For the first time, our country has risen to eighth place in the world in terms of the ease of starting a new enterprise.

As a result, over the past 10 months of this year. 91 thousand new business entities were created, or 2 times more than in 2018. However, it should be noted that for the development of the industry. In particular, the shortcomings identified in the Doing Business 2020 report need to be addressed, including the creation of facilities for land acquisition, construction and property registration. Therefore, it is necessary to provide entrepreneurs with land plots through online auctions, to ensure electronic interdepartmental exchange of information on property registration. Based on foreign experience, it is also important to create a separate structure responsible for independent registration of property rights.

Conclusions and offers

Thus, increasing the contribution of small businesses to the country's economy, creating small industrial zones, improving the investment climate and competitive environment, expanding public procurement through public-private partnerships with small businesses. We can see this through strengthening mutually beneficial cooperation, involving business entities in innovative process. It should be noted that it is important to provide financial support to successful and promising small businesses that have sufficient export potential, but at the same time do not have sufficient capital for further development. These measures will help create additional jobs in the efficient small business sector, expand access to world markets, increase the country's export potential and increase household incomes.

In a word, the development of entrepreneurship and small business in our country today remains one of the priorities of state policy. According to our President Shavkat Mirziyoyev, we can achieve development and a prosperous life only through active entrepreneurship, diligence and striving.

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