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# Ways to Develop a Competitive Environment in the Field of Entrepreneurship

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**Annotation:** *The article reflects the main ways of development of small and medium-sized businesses, the main condition of which, according to the author, is the presence of a competitive environment, in connection with which the factors influencing its formation and preventing it are studied.*

**Keywords:** *market economy, competitive environment, small and medium businesses, demonopolization of the economy.*

## I. INTRODUCTION

One of the main ways to strengthen the economy of the Republic of Uzbekistan, its comprehensive development, accelerate the transition of the economy, especially to the market, is the development of small business and private entrepreneurship. Therefore, a number of laws, decrees and resolutions were adopted on the development of entrepreneurship, its support by the state, initiatives in private entrepreneurship, and its encouragement. It is difficult to imagine the basis of economic and social reforms carried out in our country without entrepreneurship, factoring and business qualities. The wide development of free market relations is reflected in people's lives, their way of life, spiritual and everyday skills [1-5]. Support for small businesses and private entrepreneurship includes not only economic goals related to the continuous development of the economy, the improvement of economic relations, the development of competition and the filling of the consumer market.

In order to increase the sustainability of small businesses and private entrepreneurship in our country, the President of the Republic of Uzbekistan "Additional measures to radically improve the system of organizing work to protect private property and strengthen guarantees of the rights of owners, support entrepreneurial initiatives, as well as Decree No. PF-5780 of August 13, 2019 on expanding the opportunities of business entities in the use of financial resources and production infrastructure and the Decree of the President of the Republic of Uzbekistan "Small business under the Ministry of the Ministry of Economy and Industry of the Republic of Uzbekistan and on organizing the activities of the Agency for Entrepreneurship Development" adopted Resolution NoPQ-4417 dated August 13, 2019. Small business and private entrepreneurship is an important factor in the development of the economy, increasing employment and incomes of the population. Over the past two and a half years, more than fifty presidential decrees and resolutions have been adopted to support representatives of this sphere from all sides. In particular, the procedures for state registration of business activities, obtaining various permits and many other services have been simplified. The position of business ombudsman (business ombudsman) has been introduced [20-24]. Reception offices of the Prime Minister have been set up in all regions, which accept and help resolve the appeals of entrepreneurs. Under the Cabinet of Ministers, the State Fund for Entrepreneurship Development Support has been launched, 200 billion soums and 50 million dollars have been allocated for it. At the same time, the volume of loans issued to entrepreneurs by commercial banks increased. Such practical measures are bearing fruit. Small business provides about 60% of the country's gross domestic product, a third of industrial output, 98% of agricultural products, and half of investments. In many regions, 70-90 percent of exports are from small businesses (4).

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

- 1) The 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 payment rate, which is an important factor in creating favorable conditions for the development of small businesses in almost all sectors, is 5% of the volume of goods and services sold. In addition, the current rate of the unified social payment for small businesses is 15%.

- 3) Newly created production enterprises with the participation of foreign investments are granted the right to apply the rates of taxes and obligatory payments on the day of their registration for five years. Since 2018, it has been decided that small businesses with a land area of more than 1 ha will pay a single land tax.
- 4) Financial support for small businesses is carried out in the following ways: provision of loans by banks at preferential rates; a guarantee of 50% of credit funds provided for economic activity by the State Fund for Entrepreneurship Support, and compensation for interest expenses accrued 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 have been canceled in Uzbekistan, and business entities have been exempted from all types of administrative fines for the first time committed financial and economic offenses.
- 6) In all regions of the republic, business support centers have been established in centers operating on the principle of "one stop shop" for the provision of public services to business entities. For entities that are just starting their entrepreneurial activities, "Business Incubators" have been created to draw up their business plans, provide legal and practical support, and also obtain the necessary information for their activities.
- 7) Clusters of young entrepreneurs were organized by conducting business training courses for entrepreneurs in the republic, implementing projects based on privatized facilities, allocating land plots on lease terms at a zero rate for a period of 5 years (5).

At the same time, it is necessary to highlight the problems that prevent small businesses from realizing their full potential. In small business, more than 62% of employees are employed in individual enterprises, and only 16% are employed in small enterprises and microfirms. The low level of employment of small enterprises corresponds to Navoi (11.3%), Kashkadarya (12.4%) and Tashkent regions (13.2%). 34.2 percent of jobs in small businesses are in agriculture, 12.7 percent in industry - 11.6%, in construction - 13.4%, in the service sector - 28.1% (6).

As can be seen from the analysis of the above positions in the context of industries, we see a relatively low position of small businesses in the industrial sector, where the efficiency of job creation is high compared to other industries [25-27]. Maintaining this indicator at the current level of growth may cause problems associated with an increase in wages of the population and real income from entrepreneurial activity in the future. This situation may lead to a limitation of social guarantees provided by the state to the population. In addition, the share of the number of small businesses in trade remains at a high level. In retail turnover, we see that the share of small enterprises and micro-enterprises was 20.2%, and the share of individual entrepreneurs was 69.4%, which negatively affects the income of the banking sector and creates discrepancies in the tax base of small businesses.

As a result of fundamental reforms implemented to support entrepreneurs and improve the business environment, in the World Bank's Doing Business 2020 report, Uzbekistan rose by 7 positions to 69th, one of the top 20 reformers in the world (7). In terms of the ease of opening a new enterprise, our country for the first time rose to eighth place in the world.

As a result, over the last 10 months of this year, 91,000 new business entities were created, which is 2 times more than in 2018. In particular, it is necessary to eliminate the shortcomings identified in the Doing Business 2020 report, including the creation of facilities for land acquisition, construction and registration of property. That is why it is necessary to provide interdepartmental electronic exchange of information on the issuance of land to entrepreneurs through an online auction and registration of ownership. Based on foreign experience, it is also important to create a separate structure responsible for the transfer of ownership, regardless of the state register.

Summing up, it is necessary to increase the contribution of small businesses to the country's economy, the creation of small industrial zones, the improvement of the investment and competitive environment, the expansion of public procurement in the framework of public-private partnerships with small businesses, cooperation between large and small enterprises, there is a strengthening of mutually beneficial cooperation and the involvement of subjects entrepreneurship in innovation processes. It is also worth noting 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 contribute to the creation of more jobs in the field of efficient small business, expanding access to the world market, increasing the country's export potential and increasing the income of the population.

In a word, the development of entrepreneurship and small business in our country remains today one of the most priority areas of state policy. According to President Shavkat Mirziyoyev, only through active entrepreneurship, tireless work and aspiration can we achieve development and a prosperous life.

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