

THEORETICAL AND PRACTICAL ASPECTS OF SMALL BUSINESS DEVELOPMENT IN UZBEKISTAN

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ABSTRACT

In the following article theoretical aspects of small business development in the tourism sector of Uzbekistan are analysed based on the sectoral insight. The development of the major tendencies are studied. The article analyzes the key indicators of the development of small business in Uzbekistan.

Keywords: tourism, small, medium, business, rich history, cultural heritage, enterprises of hospitality business.

Small and medium business in the Republic of Uzbekistan is an important sector of the economy, creating jobs and contributing to the development of regions.

One of the main tasks set by the socially oriented market economy in Uzbekistan is the development of small business and private entrepreneurship. The development of small business in the tourism sector is highly relevant for a number of reasons:

1. Economic development: Tourism is one of the key sectors of the economy of many countries, including Uzbekistan. The development of small business in this area contributes to the creation of new jobs and the inflow of investments. Small businesses can stimulate economic growth by developing infrastructure, providing various services and attracting investment in regions where tourist facilities are located.

2. Expansion of the tourism industry: Small enterprises in the tourism sector can offer diverse and unique services, as well as adapt them to the needs of different categories of tourists. This may include arranging tours, providing hotel services, catering, entertainment, and more. The development of small business in tourism helps to expand the offer and improve the quality of services for tourists, which in turn contributes to the growth of the country's attractiveness for tourist trips.

3. Socio-cultural development: Tourism contributes to the preservation and promotion of the cultural heritage and traditions of the country. Small businesses can specialize in providing tourism services related to cultural events, crafts, traditional cuisine, etc. This contributes to the preservation and transmission of cultural values to new generations and creates new opportunities for the local population in the field of employment and entrepreneurship

4. Regional development: Tourism can stimulate the development of small businesses in remote and less developed regions of the country.

Tourism is one of the promising areas for the development of small businesses in Uzbekistan. Uzbekistan is rich in history and culture, and also has unique natural attractions that attract tourists from all over the world.

Small businesses can develop in various areas of tourism, including the hotel business, restaurant business, transport services, excursions and much more. Small businesses can also operate in the entertainment industry, providing various services and entertainment to tourists.

To identify promising sectors for the development of small business in Uzbekistan, we used the following criteria:

1. Growth in demand for goods and services: Sectors that experience growth in demand for goods and services have more potential to create small businesses. For example, tourism in Uzbekistan is a promising sector, as the country has unique cultural and historical attractions that attract many tourists.
2. Availability of unused resources: sectors that have untapped resources, such as natural resources or labor, have greater potential to create small businesses. For example, Uzbekistan has a huge potential in the production of agricultural products, which makes the agricultural processing sector promising for the creation of small enterprises.
3. Availability of infrastructure and technology: sectors that have developed infrastructure and available technologies can be promising for the creation of small enterprises. For example, the IT sector in Uzbekistan is promising, as there is access to modern technologies and developed infrastructure.
4. State support: sectors that receive government support in the form of financial, tax or regulatory support may be promising for the creation of small enterprises. For example, in Uzbekistan, the government provides various benefits and subsidies for the development of small and medium-sized businesses in different sectors of the economy.

According to the report of the State Commission on Statistics of the Republic of Uzbekistan, the number of operating small enterprises and micro-firms in the country has continued to grow over the past few years (fig.1).

As of January 1, 2023, the number of active small enterprises and microfirms amounted to 523.6 thousand, which is 60.8 thousand, or 13.1% more than in the previous year. The number of small businesses per 1,000 people was 17.9 units.

As a result of the measures taken aimed at further improving the system of supporting entrepreneurship and improving the business climate, on the basis of resolutions and decrees adopted by the President of the Republic of Uzbekistan, as well as the attention paid to this area, 424,073 small enterprises and microfirms were created in 2018-2022. It should be noted that the largest number of new entities was created in the field of trade - 156,069 (or 36.8%), services - 99,198 (or 23.4%), industry - 84,830 (or 20.0%), agriculture, forestry and fisheries - 51,752 (or 12.2%), construction - 32,224 (or 7.6%).

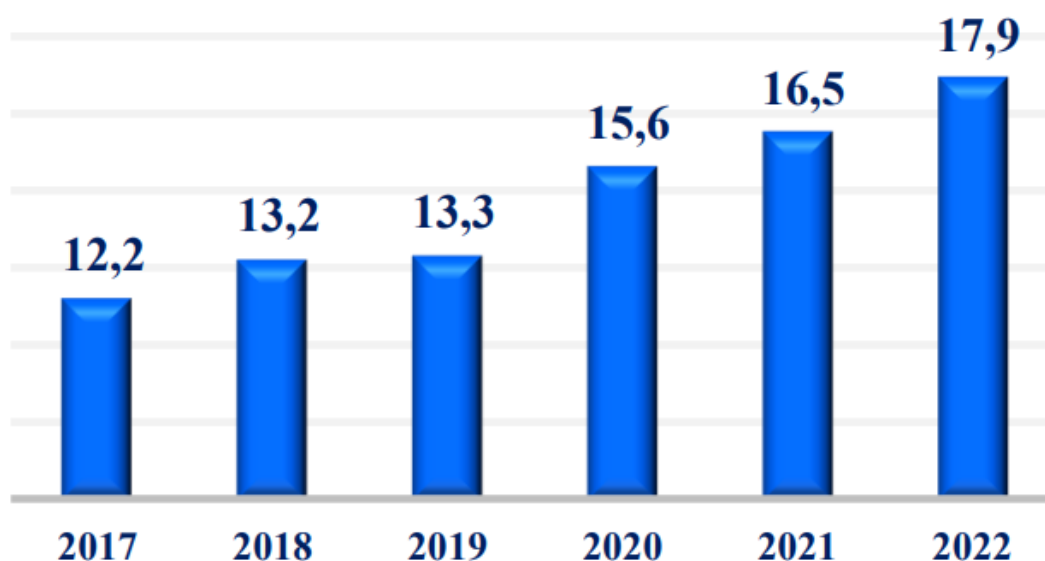


Fig.1. Number of operating small businesses in the Republic of Uzbekistan (per 1000 people, units)

At present, small business and private entrepreneurship play a key role in the modernization of the country's national economy, as evidenced by the following data.

The share of small businesses and private entrepreneurship in exports is 29.5% (20.0% in January-December 2021), industry - 25.9% (27.4%), services - 48.4% (51.7 %), construction - 71.6% (72.5%). Fig 2.

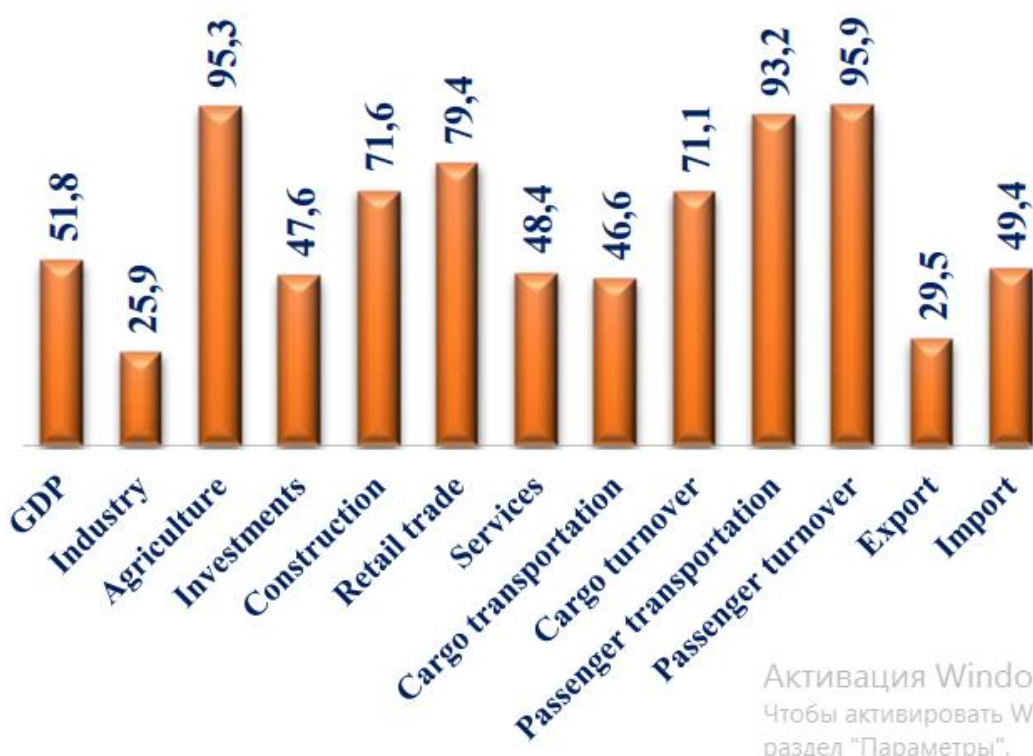


Fig.2. Shares of small businesses in the main sectors of the economy, %

Due to the reforms carried out in the country, the share of small business and private entrepreneurship is increasing, and the private sector is taking an increasingly important position in the state economy. In the context of the main types of economic activity, the largest share of small businesses and private entrepreneurship in 2022 was observed in agriculture - 95.3%, passenger turnover - 95.9%, trade - 79.4%, employment - 74.4%, cargo turnover - 71.1%. The main problems that still exist in the field of small business and private entrepreneurship are the following:

- Lack of own and borrowed financial resources, which does not allow small businesses to acquire modern and high-tech equipment;
- Difficulties in obtaining land plots for entrepreneurial activities and in connecting to engineering and communication networks;
- Insufficiency or lack of liquid collateral at the initial stage, which makes it difficult to obtain a bank loan;
- Difficulties in obtaining long-term loans that contribute to the formation and development of small innovative industrial productions;
- Ineffective mechanisms for promoting small business products to regional and world markets, as well as the difficulty of competition in the foreign market in certain sectors of the economy and the problems of entering foreign markets;
- Lack of development of information systems, marketing, management and logistics services, as well as insurance companies, audit firms, trading houses, consulting offices, business centers, business incubators;
- Insufficient development of sales markets, as well as markets for raw materials and materials;
- Low level of professional training of workers engaged in small business.

Thus, tourism in Uzbekistan is one of the promising sectors in which small enterprises can develop and have success.

Uzbekistan has a huge tourist potential, thanks to its unique culture and historical monuments. The development of tourism can become a driver for the development of small and medium-sized businesses in the areas of hotel management, restaurant business, transport services, as well as the production of souvenirs and consumer goods. Tourism is one of the most promising sectors for the development of small business in Uzbekistan. The country has a rich culture and history, as well as unique architectural monuments that attract tourists from all over the world. The development of tourism can contribute to the creation of new jobs and attract investment in the sector of hotel management, restaurant business, transport services and the production of souvenirs and consumer goods. In the field of hotel management, small and medium-sized enterprises can engage in the construction of hotels, as well as the provision of accommodation and catering services for tourists. The restaurant business can offer national dishes and culinary tours, as well as conduct master classes on national cuisine for tourists. In the field of transport services, small and medium-sized enterprises can rent vehicles, organize sightseeing tours and transfers.

The production of souvenirs and consumer goods is also a promising direction for small and medium-sized businesses in the field of tourism. Small and medium-sized enterprises can

produce souvenirs such as national costumes, jewelry, ceramics, textiles, carpets and other handmade products that will be of interest to tourists and allow them to bring souvenirs home. The Government of Uzbekistan actively supports the development of tourism in the country and provides various benefits and subsidies for the development of small businesses in this area. For example, the Government provides tax incentives and subsidies for the construction of hotels and restaurants, as well as supports the organization of international tourism exhibitions and festivals.

The development of tourism can also contribute to improving the economic situation in the regions where attractions and tourist sites are located. Small businesses can stimulate economic growth and create new jobs in these regions.

Thus, tourism is an important and promising area of small business development in Uzbekistan, which can lead to the creation of new jobs and stimulate economic growth in the regions of the country.

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