

SMALL BUSINESS AND PRIVATE ENTREPRENEURSHIP IN THE SERVICE SECTOR OF UZBEKISTAN

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Abstract: *this article gives information about the importance and the recent development of small business and private entrepreneurship in the service sector of Uzbekistan. Small business and private entrepreneurship play essential role in the GDP(Gross domestic product) and socio-economic development of the countries due to the fact that it is flexible to every one of market conditions or processes. In addition to this, article analyzes current state of small business and private entrepreneurship and opportunities which have been created to enhance service sector efficiently as well as increase its share in the GDP of the country.*

Keywords: *service sector, small business, private entrepreneurship, economic growth, business entity, credit, program.*

МАЛЫЙ БИЗНЕС И ЧАСТНОЕ ПРЕДПРИНИМАТЕЛЬСТВО В СФЕРЕ УСЛУГ УЗБЕКИСТАНА

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Аннотация: *эта статья даёт информацию о важности и недавнем развитии малого бизнеса и частного предпринимательства в сфере услуг Узбекистана. Малый бизнес и частное предпринимательство играют существенную роль в ВВП (валовом внутреннем продукте) и социально-экономическом развитии стран в связи с тем, что он является гибким для всех рыночных условий или процессов. В дополнение к этому в статье анализируется текущее состояние малого бизнеса и частного предпринимательства, а также возможности, которые были созданы для эффективного развития сектора услуг, а также увеличения его доли в ВВП страны.*

Ключевые слова: *сфера услуг, малый бизнес, частное предпринимательство, экономический рост, субъект хозяйствования, кредит, программа.*

The economy of the world has been already considered as a service economy due to the fact that the share of service sector in the GDP of the countries is higher than other sectors. Because of innumerable advantages of this sector most countries focus on developing service sector efficiently so as to improve the welfare of the population and provide the employment of the population. So, in Uzbekistan some measures which are directed at the further development of the service sector have been implemented recently.

Particularly, the order of President "The strategies of movements on further development of The Republic of Uzbekistan" highlights issues on "the rapid development of the service sphere, the role and contribution of services in the formation of the gross domestic product, the radical transformation of the services provided, first and foremost, to modern high-tech ones" [1]. As a result of taken steps share of small-sized business, private entrepreneurship and manufacturing products of industry in GDP has changed from 31% to 56.9% and from 12.9% to 45% respectively starting from 2000. Nowadays, 78% of our current workforce is employed in this sector [2].

Today, taking advantages of small business and private entrepreneurship into consideration, more opportunities have been created for business entities to expand their economic activities in Uzbekistan, they are the followings:

- bank loans with lower interest rates are available to start a small business in regions;
- wide opportunities are available for family entrepreneurship, for example, privileged bank loans with 7 percent interest rate;
- empty places are given to younger generation who are ready to run their own business and member of the Youth Union of Uzbekistan;
- small grants are allocated for business entities whose activities are directed at employment of the population;
- free economic zones have been created to attract foreign direct investment to rural areas.

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, share of small business in GDP increased from 31.0% to 56.9% (by 25.9 percentage points) (Fig. 1).

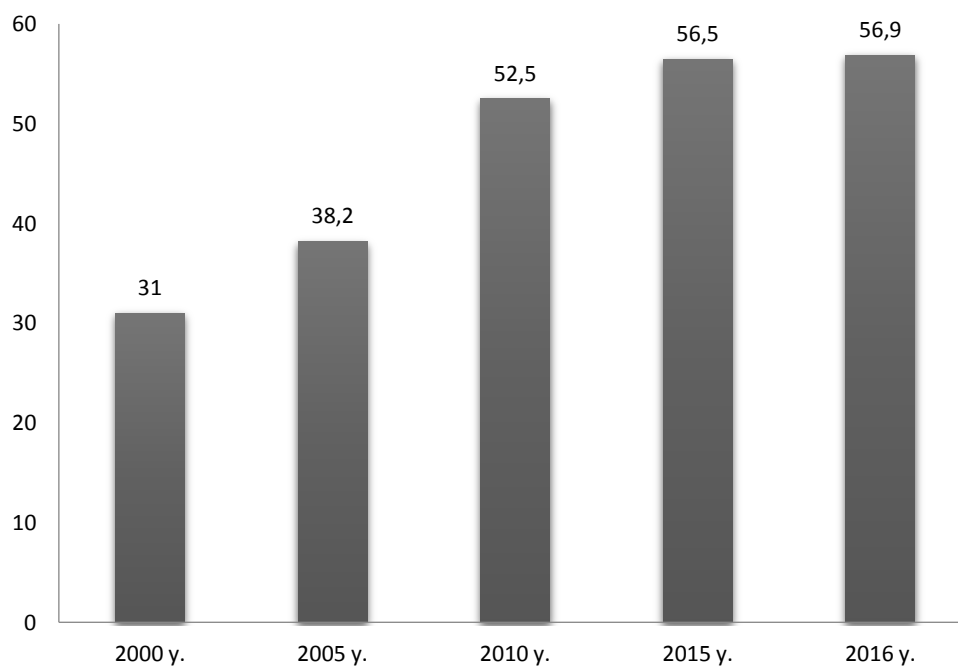


Fig. 1. Share of small business and private entrepreneurship in GDP (in percentage) [3]

The dynamic development of the services sector is due to the expansion of the production of services by small businesses and private entrepreneurs. As part of the implementation of the Program for Development of the Services Sector, significant volumes of preferential credits were granted to business entities for the technological equipment of newly created enterprises for the provision of services. As a result, the share of small business in the total volume of produced market services increased from 53.9 percent to 61.4 percent (fig. 2).

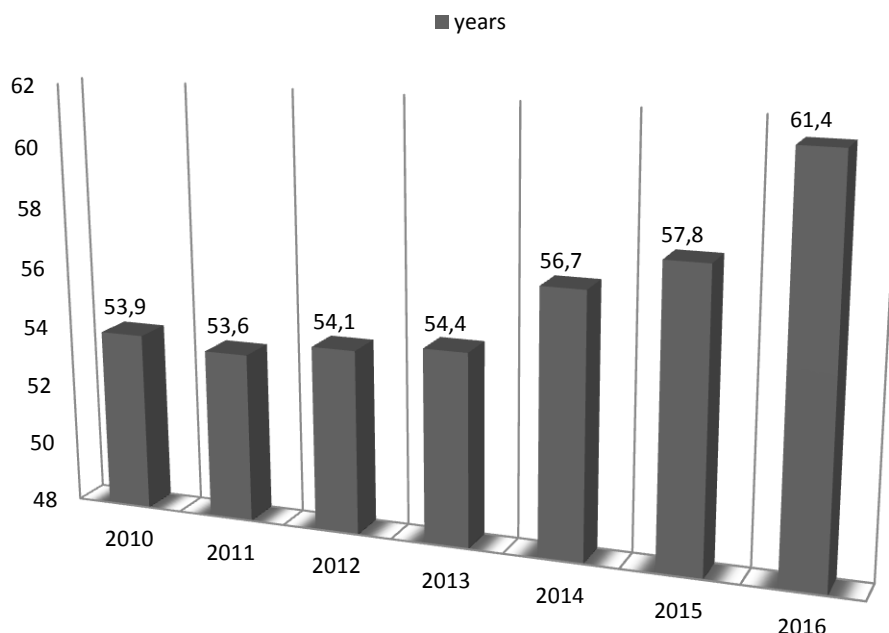


Fig. 2. Share of small business in the services sector in 2010-2016 (in percentage) [3]

In conclusion, the development of small business and private entrepreneurship is one of the important factors to provide employment of population, this, in turn, causes to increase income of the population as well as life conditions of them also improve.

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