

Issues of Improving the Attraction of Foreign Direct Investment in the Development of Small Business and Private Entrepreneurship in the Republic of Uzbekistan

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Annotation: It should be noted that during the years of independence, Uzbekistan has created a stable legal framework that strengthens the priority of private property, which is the basis of a market economy. A favorable business environment and reliable legal guarantees have been created for the formation of the middle class, the sustainable development of the country's economy, the creation of new jobs and the rapid development of small business and private entrepreneurship, which is an important factor in increasing incomes.

Key words: Attracting foreign investment, international financial institutions, direct investment, creation of wide opportunities for the development of small business and private entrepreneurship in industry, the organization of modern high-tech production, commercial banks.

The result is gross domestic product over the past decade the share of small business in the structure of production increased from 31.1% to 52.5%, the employment rate in this sector increased from 49.7% to 74.5% of the total number of people employed in the economy. More than 47% of the population's income comes from entrepreneurial activities. In accordance with the State Program "Year of Small Business and Private Entrepreneurship", this year a set of measures to create a more favorable business environment for the development of entrepreneurship was accepted. The procedure for state registration of business entities and their connection to the engineering and communication networks has been significantly simplified and the process has become more transparent. The state fee rate for registration has been halved. The list of activities that small businesses can engage in has been significantly expanded, with the average annual number of employees increasing to 100 people.

Extensive to the process of public procurement of small businesses scale-based engagement mechanism has been developed and implemented.

Measures have been taken to drastically reduce the interference of state and regulatory agencies in the financial and economic activities of enterprises and to significantly expand the economic freedoms and rights of business entities. The period of exemption of newly established small enterprises and micro-firms from scheduled tax inspections has been extended from two to three years. Paying taxes and other mandatory payments on time, as well, small business entities that ensure stable growth rates and profitability of production have been banned from conducting tax audits for three years.

The level of capitalization of commercial banks is increasing, the mechanism of preferential lending to small businesses, especially for their purchase of high-tech equipment, has been improved. At the same time, the freedom of entrepreneurial activity, which hinders the rapid development of small business and private entrepreneurship number of limiting issues remain unresolved. Administrative regulations that clearly define the relationship of business entities with government, tax and regulatory agencies, commercial banks are not fully developed. Many permit procedures that are not transparent are still in place. There are cases of illegal interference of regulatory agencies in the activities of business entities. A practical mechanism for exporting small business products to regional and global markets not created.

Important tasks of the Cabinet of Ministers, ministries, departments, business associations, commercial banks, the Council of Ministers of the Republic of Karakalpakstan, regional, city and district khokimiyats are: to take concrete measures to eliminate unnecessary bureaucratic barriers and obstacles to the development of small business and private entrepreneurship, to reduce the functions of public administration and to give more freedom to entrepreneurship, by public authorities drastic reduction of various permitting standards and restrictive procedures; Ensuring openness and transparency in the interaction of business entities with government agencies, tax and regulatory agencies, radical simplification of the reporting system and the mechanism of reporting to financial, tax and statistical agencies through a gradual transition to their electronic submission; small business and private entrepreneurship provision of additional benefits and preferences on tax, customs and other payments, which will help to accelerate the development of entrepreneurial activity and increase its efficiency; Further improvement and simplification of the

mechanism of interaction of small business and private entrepreneurship with commercial banks, improving the quality of services to businesses, loans to them, first of all, the creation of new production facilities, existing development increase the volume of long-term loans aimed at modernization and technological renewal of production capacity; creation of favorable conditions for wide participation of small business and private entrepreneurship in foreign economic activity, assistance in export of their products to foreign markets, simplification and liberalization of the process of registration of export contracts and customs administration in general.

Over the past few years, Uzbekistan has undergone rapid economic changes and is increasingly emerging in the international community as one of the symbols of openness, renewal and resilience in overcoming various barriers to business and investment. For the effective implementation of the Law of the Republic of Uzbekistan "On Investments and Investment Activities" the Ministry of Investment and Foreign Trade, khokimiyats, diplomatic missions and trade with investors 4-stage mechanism of cooperation between public authorities, consisting of deputy heads of banks, has been successfully established. This mechanism allows you to respond quickly to all requests from investors and properly monitor the effectiveness of the implementation of measures provided by law.

In this regard, direct contacts with investors operating in the Republic, established with the support of the European Bank for Reconstruction and Development. It is important to emphasize the role of the Council of Foreign Investors under the President of the Republic of Uzbekistan. The development of the Institute of International Arbitration Courts is also actively supported. In turn, this will ensure the rule of law, which is an important and systemic component of the country's investment climate, as well as the proper implementation of the obligations of state and local investors. However, world practice and experience show that it is no longer possible to solve the problems that hinder the investment and innovation activities of the business by simple means, i.e. by granting benefits or publishing new declarative norms.

Liberalization of entrepreneurial activity is required to activate private investment. There is a need for constant communication with business, to identify and overcome barriers to the development of certain sectors. In this regard, active work is being done in the following areas. First, in order to maintain a steady high and stable rate of economic growth, the country's economy needs a stable and competitive, large-scale banking system assets it is necessary to form a model, part of which is in the hands of private investors. Second, in order to increase investment attractiveness and

ensure the rapid growth of investment in infrastructure, which is one of the key factors of sustainable economic growth, investment activities are also actively encouraged through the development of public-private partnerships and project financing. Third, through digitalization and remote delivery of public services the relationship between investors and the state is being optimized to completely eliminate bureaucratic barriers and restrictions in the implementation of investment projects. To ensure maximum transparency and prevent corruption, the quality of the organization of work with appeals and requests of foreign investors is improving. Fourth, the reduction in transaction costs, which leads to the outflow of labor and capital from the legitimate sectors of the economy to the shadow economy observed. Fifth, an investment policy strategy is being developed for the most promising sectors of Uzbekistan, which can become a point of technological progress in the future and lay the foundation for the development of the country's production capacity over the next 20-30 years.

Given that the investment climate affects all areas of activity in the country, the scope of reforms is economic, institutional, education, health, agriculture, water supply, energy, transport and other areas. Great attention is also paid to the practical support of entrepreneurs and initiators of investment projects. The most striking example in this direction is the work of the Government Commission on Export and Investment Development, established in 2020, whose tasks are to work closely with entrepreneurs and exporters, to analyze the problems associated with the restrictions caused by the pandemic, as well as the development and implementation of quick and effective solutions based on an individual approach to solving the problem of each business entity. At the end of last year, as a result of field work of members of the Commission, the activities of more than 98,000 enterprises were studied in a targeted manner, and as a result, 6,235 problems of 5,902 enterprises were identified. Each of the problems is the relevant ministries, departments, commercial banks, local government and in close cooperation with the diplomatic missions of the Republic abroad.

Further improvement of the mechanism of lending to small businesses and private entrepreneurship and increase their volume, first of all, the allocation of loans for investment purposes, the formation of start-up capital, medium and long-term loans for modernization and technological renewal of production; attracting foreign investment in small business development, primarily loans from international financial institutions and direct investment; redirection; creation of wide opportunities for the development of small business and private entrepreneurship in industry and the

organization of modern high-tech production, encouraging the introduction of innovative technologies in production by small business and private entrepreneurship; radically address the issues of expanding the participation of small business and private entrepreneurship in foreign economic activity, increase their export potential, assistance in exporting products to world and regional markets;

It is important to further develop the system of information support for small business and private entrepreneurship, as well as advisory assistance to them in training, retraining and advanced training.

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