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## FORMATION OF EFFECTIVE SYSTEM OF THE MECHANISM OF FINANCING OF THE SMALL BUSINESS IN THE UZBEKISTAN

**Abstract:** One of the major directions promoting development of business, perfection of the financial mechanism which purpose is creation of favorable financial and economic conditions for a sustainable development of subjects of small business is. The financial mechanism of development of small business, construction of optimum structure of support of enterprise activity in the Uzbekistan and increase of efficiency of their use, both budgetary, and off-budget forms of financing of small business through mechanisms of activization of its development is extremely actual. In article the financial mechanism for acceleration of development of small business is considered.

**Key words:** crediting, commercial banks, financing of small business, crediting methods, financial mechanisms of crediting, subjects of small business, the investment.

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### Introduction.

Formation of effective system of financing of small-scale business by crediting perfection leave in the category paramount.

Perfection of techniques of crediting of commercial banks taking into account foreign experience, working out of new models and methods of crediting of subjects of small business taking into account features of the processes occurring in economy of the Uzbekistan, will allow, appreciably to solve a problem of financing of small business by means of the optimum financial mechanism.

Despite positive tendencies to growth of the most important economic indicators, the majority of small enterprises investments which would allow restoring financial stability of subjects of small-scale business at their effective utilization are extremely necessary that in turn would raise their appeal to commercial banks in crediting sphere.

In development of small business has put a number of Decrees of the President of the Uzbekistan and the Republic's Governmental orders where in development of small business the system approach

now is from the state to the decision of problems of small-scale business. Research of the financial mechanism of development of small business is based on studying of internal possibilities of subjects of small-scale business, features of the modern mechanism of support of small business taking into account foreign experience, the characteristic of features of modern development of small business in regions of the Uzbekistan both applied methods and models of financing of the given sphere of economy in the conditions of investment appeal.

Foreign experience of Japan, South Korea, Taiwan shows, how it is necessary for the state to influence activization to small-scale business development.

For example, Japan managed to catch up and overtake many developed countries thanks to loan by this country of achievements of scientific and technical progress with support by financial resources of introduction of innovations.

The number of scientists in the Japan occupied with scientific workings out, by means of specially

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created state system of stimulation increases on the average by 7 % a year.

In the South Korea the special fund for rendering of financial and technological support to those national firms which undertook introduction of new high technology processes is created.

Besides, means of the given fund go on working out of new technologies and development of basic researches. «Special loans of support» practice the country, intended for working out and development of new technological processes, release of the new high-quality goods and introduction of the new industrial equipment.

In the Taiwan company "Acer", taking the soft loan in the financial fund created by the state, for 25 years has turned to one of the main manufacturers of portable computers.

Such widespread forms in foreign countries as subcontract, etc., it is expedient to use a franchise, leasing more actively.

Development of small business in the Uzbekistan tends growth, both in service spheres, and in spheres of production of goods and thus it is expedient to improve an operational administration small business, both on state, and at regional level. Perfection of effective mechanisms of financial support of innovative small enterprises, both on state, and on regional levels is important.

For the decision of problems it is necessary to create, first of all, the optimum financial mechanism of development of small business. It is required to improve methodological base, including for decision-making on activation of activity of subjects of small-scale business, to develop effective models and techniques of financing of small business in republic regions.

Effective support of small business is necessary and with a view of increase of competitiveness of its goods and production on the threshold of the introduction of the Uzbekistan into the World Trade Organization.

Questions of maintenance with financial resources, in particular long-term, remain actual but, for subjects of small-scale business and private business. In particular, it is possible to note cases of absence of liquid maintenance in demanded volumes, opacities of business dealing, the big level of initial expenses.

In 2016 year by subjects of small-scale business and private business it is made an industrial output for the 50654.4 billion Uzbek sum (Uzbek currency) (45.3% from industrial output total amount) that in comparison with 2015 year it is more for 16.4%. Last years the quantity of subjects of small-scale business increases

In the basic industries, in particular, food, easy, the industries of building materials, mechanical engineering and processing of metals, chemical and petrochemical, pharmaceutical that serves one of

major factors of steady growth of a share of small-scale business and private business in the industry, and as high rates of increase of the industrial goods made by them.

According to the Decree of the President of the Republic of Uzbekistan from April, 7th, 2014 UP-4609 "About additional measures on the further perfection of an investment climate and the business environment in the Republic of Uzbekistan», in labor-consuming industries, such as food, easy, the industry of building materials, limiting mid-annual number of workers for small enterprises is increased to 200 persons that creates conditions for increase in quantity of subjects of the small-scale business which is carrying out activity in these branches.

In 2016 year in a regional cut the greatest indicator of a share of small-scale business and private business in the industry has made in the city of Tashkent – 71.0%. In the Namangan area this indicator, accordingly, has made 69.4% and in the Samarkand area of 60.1%. In the Dzhizak, Andizhan, Khorezm, Syr-Darya, Bukhara, Fergana and Surkhan-Darya areas this indicator is noted at the average level, in the range of 45-60%. On a low level this indicator in the Tashkent area was 34.0%, in the Kashkadariya area of 27.0%, in the Republic of Karakalpakstan was 26.6% and Navoi area was 20.8%.

Investments into sphere of small-scale business and private business very important and the major indicator of active economic activities of subjects of small-scale business in economy branches is the volume of the mastered investments.

Thanks to the favorable conditions created in the country, subjects of small-scale business and private business in 2016 year in economy had been brought investments on 19482.8 billion Uzbek sum, that on 18.7 % above an indicator of 2015 year.

The share of small-scale business and private business in total amount of investments into 2016 year has made 39.1 % that on 23.7 above an indicator of 2000 year.

Growth of a share of small-scale business and private business in total amount of the investments entered into national economy is connected with increase in the involved long-term credits at the investment purposes of the enterprises mastering new kinds of production. Therefore in structure of sources of financing of investments in fixed capital the small-scale business enterprises, the greatest share is necessary on own sources and bank's credits.

### Research methods.

As methodological base of research system and functional approaches, scientific abstraction, general scientific methods of the analysis and synthesis, comparison and generalization were used.

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### Information base.

As information base of research Republic of the Uzbekistan laws, other standard and legal certificates of Republic of the Uzbekistan, Internet resources have served.

### Discussion.

The problem connected with research of the economic maintenance and features of process of formation of financial resources of subjects of business, with revealing of specificity of formation of sources of financing of development of subjects of business is important, especially with disclosing of the maintenance of the financial mechanism of development of subjects of business. But it is necessary to reveal that business urged to solve first of all social and economic functions taking into account ordering of sources of financing of development of subjects of business, with allocation of internal sources (means for formation of the initial capital and for activity development) and external sources (means, mobilization in the financial market, and the means of the state financial support given to subjects of business on возмездной and a gratuitous basis).

In 2016 year of an expense for technological, marketing and organizational innovations of 45.9% (1180.0 billion Uzbek sum), 12.5% (314.9 billion Uzbek sum) at the expense of the foreign capital, 6.1% (157.3 billion Uzbek sum) at the expense of credits of commercial banks and 35.7% (919.1 billion Uzbek sum) at the expense of other means were financed at the expense of own means.

The innovations mastered in 2016 year, have made 20.85% (2221.5 billion Uzbek sum) from total amount of innovative products, works and services.

This indicator makes 80% (709 billion Uzbek sum) in the Andizhan area and 54.5% (42.1 billion Uzbek sum) in Bukhara area. In the Republic of the Karakalpakstan and Syr-Darya area the majority of innovative products (97% and 76.4 % accordingly) were necessary on a share of innovations mastered in 2014-2015 years.

To soft loans do not seem too high against inflation in 7-12% annually however real cost of credits considerably increases for the account of such factors as time expenses and informal payments at their reception, inadequacy of an estimation of mortgaging property, short duration of terms of repayment (till 3 years), and that is especially important for enterprises small-scale business rise of the prices for some types of service, materials and the equipment at purchase for the clearing settlement.

The conducted research of possibilities of mobilization of financial resources for development of subjects of business has shown that, despite perspectives of leasing, its development in the country it is not enough.

Financing is given to subjects of business, including carrying out activity not less than 1 year

under leasing subjects, and, depending on the leasing company, a leasing product, type of the equipment, the client and the sum of an initial payment for the term from 1 year till 5 years. The franchise market while strongly differs from the markets of the developed countries in spite of the fact that essential growth of a franchise is during the last years observed.

It is necessary to expand access of subjects of small-scale business to credit resources of commercial banks and cash, and also to stimulate development of alternative sources of financing of business.

In long-term prospect, it is necessary to introduce additional mechanisms of stimulation of growth of small-scale business among which funds of warranting of credits small-scale business, and to provide development of not bank financial organizations, such as the credit unions and the micro financial organizations, and also the investment and venture companies as alternative sources of resources for private sector growth.

The methodical approach to calculation of indicators of credit status of the enterprises, allowing instead of retrospective estimation of a condition of the finance of the enterprise on need to consider characteristics of the general economic environment of activity of the new enterprise.

Except banks, to subjects of business give loans not bank financial organizations which supplement the bank offer of financial services for the enterprises.

In foreign the countries the present are developed and following types of not bank financial institutions function: regional and state funds of support of business; the private financial organizations; not bank deposit credit organizations; credit consumer co-operative societies of citizens; credit consumer co-operative societies; agricultural credit consumer co-operative societies; consumer societies.

The state support to business is carried out according to the Republic of the Uzbekistan's Law. Necessity of strengthening of the state financial support of development of subjects of business is caused by such factors, as vulnerability of small enterprises, especially during the starting period, constantly increasing requirement of subjects of business for financial resources and the limited access to them, specific, inherent in small enterprises, possibilities to solve a problem of social and economic development of the country.

Thus questions of maintenance with financial resources, in particular long-term, remain actual for subjects of small-scale business and private business.

In particular, it is possible to note cases of absence of liquid maintenance in demanded volumes, opacities of business dealing, the big level of initial expenses. Development of the market of bank services of small business restrains that commercial banks underestimate degree of heterogeneity of sector of small-scale business both private business and a

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variety of its segments. In particular, at formation of a grocery number such important characteristics of segments of small-scale business, as are not to the full considered: a risk profile, specificity of activity, model of behavior of clients, demographic characteristics, a stage of life cycle of the subject of business, educational level of managers, priority information channels, an involvement into business - communities (chambers, associations), etc.

One of the major directions promoting development of business, perfection of the financial mechanism which purpose is creation of favorable financial and economic conditions for a sustainable development of subjects of business is.

### Conclusion.

It is necessary to specify structure of the factors constraining development of financing of business

and influencing efficiency of the mechanism of the state financial support of subjects of business. Efficiency of application of this or that form of stimulation depends on conditions of financial support by the state.

For creation of the financial organization investments, including and state are required. For support of subjects of business it is necessary to form more accurate programs, to choose concrete forms, methods and support tools according to the purposes of programs, so to spend more flexible in relation to the enterprises the fiscal policy, preferential financing, application of other economic levers of influence on dynamics and efficiency of their development. Experience of development of financing shows that this kind of activity can be economic and be carried out on self-support principles.

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