
Directions of Development of Investment Activity in Small Business

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Abstract: The main goal of forming a full-fledged innovation environment in the field of small business and entrepreneurship in Uzbekistan is to create the necessary conditions for increasing production volumes based on the latest technologies and highly educated in the rapid development of small business and entrepreneurship, to create conditions for the absolute development of small innovative entrepreneurship.

Keywords: liberalization, economy, modernization, investment, credit, subsidy, small business, consumer, financial and industrial groups, venture funds.

In conditions of further deepening of market relations and economic liberalization, it is necessary to introduce new methods of thinking and develop new types of activities in the national economy. In our country, many reforms are being carried out in the field of profound changes in the field of small business and entrepreneurship, consistent reform of all aspects of political and socio-economic life and economic liberalization, democratic renewal and modernization of society.

The main goal of forming a full-fledged innovation environment in the field of small business and entrepreneurship in Uzbekistan is to create the necessary conditions for increasing production volumes based on the latest technologies and highly educated in the rapid development of small business and entrepreneurship, to create conditions for the absolute development of small innovative entrepreneurship. Effective use of scientific, research and design work to solve urgent problems of economic development, especially to increase investment and innovation activity of small businesses, as well as to attract investment.

Much attention is paid to the issues of financial support for small businesses and entrepreneurship in our country. In particular, the involvement of small enterprises in innovation activities, in a market economy, is an effective tool in the development of competition. This leads to an increase in demand, a reduction in the cost of production, an increase in the inflow of investments, an increase in the image of small enterprises producing new products in consumer markets, the opening and capture of new domestic and foreign markets.

A large number of loans and subsidies are allocated to attract the population to education and entrepreneurship. The state should work with the population every day, provide them with affordable conditions, lift them out of poverty, teaching entrepreneurship and agriculture.

According to Professor A. Vakhobov, it is necessary to increase the interest rates of investment loans provided by banks at the expense of the Fund for Reconstruction and Development of the Republic of Uzbekistan in order to create manufacturing enterprises and firms specializing in the processing of agricultural products in rural areas for small businesses.

K.Toshmatov investigated the issue of lending to agriculture by banks and, based on the results of the study, comes to the following conclusion: "in addition to cotton and grain crops grown for the needs of the state, it is necessary to create an effective system of crediting working capital and fixed assets necessary for farmers to grow other agricultural products, and gradually switch to preferential lending through a credit line, which is opened directly from special accounts of commercial banks.

One of the main factors in the development of the activities of small businesses in local consumer markets is the issue of state support for this sector. It is desirable that the strategy of small enterprises includes diversified types of business.

Innovative activity of small enterprises in local consumer markets in the conditions of a modern market economy is considered an effective means of increasing competitiveness, which leads to the emergence of new consumers in local consumer markets, lower prices for products produced by a small enterprise, investment penetration, and an increase in the rating of small enterprises.

In the presence of the Cabinet of Ministers of Uzbekistan, the state fund for support of entrepreneurship development was launched, which was financed by 200 billion sum and 50 million dollars. The volume of loans allocated by commercial banks to entrepreneurs has increased.

Financing of innovative activities of small enterprises is carried out in accordance with the legislation at the expense of own funds, investments, cooperation, charitable sponsorship and other means of small business. Such practical measures give their result. In our country, small businesses provide about 60 percent of the country's gross domestic product, a third of industrial output, 98 percent of agricultural products, and half of investments. In most regions of our republic, 70-90 percent of exports are accounted for by small businesses.

Much attention should also be paid to improving the work of banks serving small businesses and improving the efficiency of loans issued by banks.

With the intention to start their activities in the field of small business and entrepreneurship in our region, the appeal of an entrepreneur who wants to get a loan has now been considered in 3 stages, namely at the district-regional-republican level. If the Central Office of the bank does not give consent, the entrepreneur will not be able to take out a loan. As a result, it was found that the process of lending to small businesses in some cases stretches for months.

Consequently, the transfer of credit allocation issues in banks to small businesses at one and two levels, an increase in the number of compact banking service centers in 10-15 states instead of branches employing 70,000 employees, will lead to the fact that the provision of banking services to small businesses will rise to a higher level.

One of the main processes in lending to small businesses are loan rates, which should be given great importance to issues of support for small businesses.

Innovative projects involving the introduction of innovations and technologies should be reflected in local investment programs. This shows that attention should be paid to the creation of small businesses that are designed to attract foreign innovative technologies to fill local consumer markets with goods and services.

In local investment programs, an increasing number of small enterprises should give priority to innovative technologies and increase their involvement in enterprises, the development of innovative small businesses, if possible, abandon large projects that do not provide structural improvement of the economy and increase production efficiency. When organizing small businesses and private entrepreneurship on an innovative basis in local consumer markets, the

main criteria for creating new jobs, attracting foreign and local investments, expanding the tax base and increasing incomes of the population.

Stimulating the innovation activity of small businesses and businesses as one of the main areas that ensure the competitiveness of enterprises in local consumer markets, the formation of a financial incentive mechanism and its composition is of great importance. Therefore, in the process of studying the investment activity of small enterprises, the issue of financial incentives for small business innovation is distinguished by its relevance.

It is important that investment funds have been created in our country to finance small businesses. Its main purpose is to provide financial assistance to small innovative firms and individual innovators, and this is one of the main financial sources of financing for small businesses. The National Science Foundation plays an important role in investing small businesses and entrepreneurship in our republic. The main activity of the National Science Foundation is to provide loans and grants to investment firms for them.

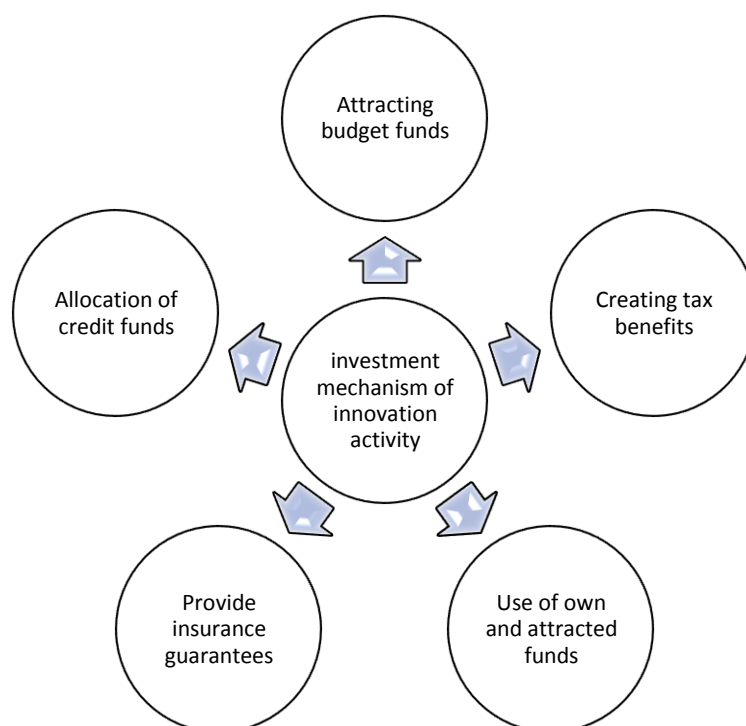
According to world experience, such funds can be found in many developed countries. An example is the investment fund of the US Department of Energy. This fund is engaged in subsidizing individual inventors along with promising research projects carried out by small firms. This, in turn, serves to increase the competitiveness of consumer markets through the use of innovations in small business and entrepreneurship in the United States.

Various enterprises, financial and industrial groups, investment and innovation funds, local governments, individuals and others play an important role in the investment activities of small enterprises and enterprises.

The importance of inefficient financial resources also plays an important role in investing small businesses. The funds of such non-governmental organizations are an expression of the financial resources of various private economic entities, public organizations and individuals. Among them are investor communities, which include investment funds and companies, insurance companies, funds of private enterprises and individuals, loans and arbitrations of private commercial banks.

Investments attracted to small enterprises are primarily aimed at financing effective innovative projects based on modern technologies that ensure the production of high-quality and competitive products exported by small enterprises to local consumer markets. In addition, it plays an important role in financing innovative projects at small enterprises on the basis of investment funds, grants and sponsors of foreign companies and firms.

The mechanism of investing in small business innovation consists mainly of the following components (1-drawing):



1-drawing. The mechanism of investing in the innovative activities of small businesses

Venture funds are also of particular importance for small business investment. Venture funds are a risk-based investment fund that focuses on innovation and enterprise projects. Venture capital funds invest in shares of enterprises with a high level of risk and with a high level of profit or a relatively high level of risk. Experience shows that investments in such projects do not bring profit in the case of 70-80%, but income from 20-30% fully covers all expenses.

In order to support investments of small businesses and entrepreneurship in the Republic of Uzbekistan, in accordance with the Decree of the President of the Republic of Uzbekistan No. PF-5583 dated November 24, 2018 "On additional measures to improve the financing of projects in the field of entrepreneurship and innovation", as well as comprehensive support for innovative projects and, in order to accelerate the development of innovative infrastructure By the Resolution of the Cabinet of Ministers of November 3, 2020 No. 684, the National Venture Fund "UzVC" was established in the form of a limited liability company.

According to the decision, the initial authorized capital of the fund was set at 15 billion soums. Foreign citizens with qualified and international experience were involved in the management of the National Venture Fund "UzVC".

According to the decree of the President of the Republic of Uzbekistan Shavkat Mirziyoyev "On the state program for the implementation of the strategy of actions in five priority areas of development of the Republic of Uzbekistan for 2017-2021" in the year of support for active entrepreneurship, innovative ideas and technologies", tax incentives were provided to venture funds until January 1, 2023.

Now we see that some financial institutions in the world practice also have their own venture funds. It is also possible to observe the joint participation of private investors and large companies in the venture industry, that is, corporate venture cases.

Especially in the United States, commercial financial institutions created on the basis of venture capital are common. The main purpose of these companies will be to raise money and finance profitable projects for profit. The average size of venture funds established in the

United States and the United Kingdom is \$50 million. According to world experience, in most cases venture funds arise in the form of limited liability partnerships. This form is a universal convenient means of attracting venture capital.

According to the experience of developed countries, banks, large corporations, and insurance companies participate in venture funds in most cases.

Venture capital is a great help in the commercialization of practical ideas. Of particular importance is venture capital, which accounts for 1.8 percent of GDP in Europe and 2.8 percent in the United States. It is important to note that this Capital is the only factor in the innovative development of small enterprises. Thus, venture capital is one of the main sources of investment in the development of innovative business in small enterprises.

In solving the problems of introducing and commercializing innovative projects of small enterprises in local consumer markets, the creation of venture financing funds in our country belongs to the same period.

In economics, venture capital is mainly important for the development of small businesses. Their characteristics can be described as follows:

1. First of all, it is a risk-oriented business, in which an extremely new, previously unprofitable (innovative) object is selected, which risks using its capital or the investments attracted by it. In this case, if the small business projects are successful, the entrepreneur will have a large amount of income.
2. The knowledge-intensive venture company can develop its own projects and produce products faster in 1/3 or 2/3 of March than the working departments of large enterprises.
3. The Venture firm has great mobility in providing investments for small enterprises. It has the right to change its working methods and schemes as a separate organization.
4. The most important thing in owning the concept of entrepreneurship "venture" is its following signs: diligence, courage, risk, diligence and other qualities are very important in the fight against competition.

It is important to attract investments in these projects for the commercialization of innovative projects in the activities of small enterprises. From the experience of developed countries, we see that one of the most optimal ways to finance innovative projects is venture financing.

The main features of venture financing of innovative projects of small enterprises include:

- the funds of the venture fund are aimed at creating scientifically based innovative projects and are directed to new small enterprises based on high technologies;
- venture capital directed at small enterprises is provided for medium and long periods of time, and it is impossible to withdraw capital after the end of the viability period of a venture firm (usually 5-7 years).;
- venture financing is provided to small innovative enterprises with development potential on preferential terms for a period of 5-7 years;
- venture investments considered it as a non-guaranteed form of long-term loans in conditions when there is no guarantee of repayment;
- since venture financing is associated with the placement of capital on the stock exchange in the form of payment for shares of a developing enterprise whose shares have not yet been sold, banks do not want to direct their funds to such projects;
- the venture fund does not transfer its funds directly to the company itself, they are directed to the share capital of tiradi;

- if the orientation of venture capital to support non-traditional (new, in some cases completely different types) small enterprises on the one hand increases the risk of capital return, and on the other hand, a high probability of profit.

It is necessary to ensure the priority of more innovative technologies when investing small enterprises in local consumer markets and improve their involvement in local regions, focus on the development of innovative small businesses in the regions, abandon large projects that do not provide structural development of the economy at the local level.

For the effective innovation activity of small businesses in our country, it is important to improve the system of financing promising innovative projects created by small enterprises.

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