

DEVELOPMENT OF PRIVATE ENTREPRENEURSHIP IN UZBEKISTAN: LEGAL BASIS AND GOVERNMENT STRATEGY

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Abstract

This article examines the regulatory environment and governmental strategies supporting the growth of private entrepreneurship in Uzbekistan. It highlights the classification of business entities, initiatives aimed at shielding entrepreneurs from unwarranted inspections, and the legal assurances provided for property ownership and investment security. In conclusion, the article underscores Uzbekistan's enhanced position in international business rankings and the favorable prospects for the advancement of private enterprise.

Keywords: Uzbekistan, private entrepreneurship, legal framework, state policy, Entrepreneurship Code, small business, business reforms, investment protection, tax incentives, digital economy, business regulation.

Introduction

The development of private entrepreneurship is a key driver of economic growth, employment generation, and innovation in Uzbekistan. In recent years, the government has undertaken significant reforms aimed at improving the business climate and encouraging private sector participation in the national economy. Central to these efforts is the establishment of a robust legal framework and the implementation of targeted state policies that create favorable conditions for entrepreneurs. This article explores the legal foundations and strategic initiatives adopted by the Uzbek government to support private entrepreneurship, including regulatory simplification, protection of property rights, and measures to ensure transparency and fairness in business operations. By examining these developments, the article provides insight into the evolving entrepreneurial environment and the state's commitment to fostering a competitive and inclusive private sector.

In our country, significant reforms are being carried out to develop entrepreneurship, create favorable conditions for business operations, eliminate any obstacles that hinder entrepreneurial activities, and enhance investment attractiveness. However, at present, the legal framework regulating business operations is fragmented, and due to the large number of laws adopted, entrepreneurs face challenges in finding and applying the necessary legal documents, leading to unnecessary time consumption and complications in protecting their rights and interests.

ANALYSIS OF THEMATIC LITERATURE

To improve the scientific and theoretical aspects of entrepreneurship development, which serves as the economic and political foundation of the country, the works of scholars such as J. Shumpeter, M. J. Dollinger, S. Gedeon, R. Cantillon, C. Brown, M. Thornton, F. F. Almahry, A. M. Sarea, A. M. Hamdan, D. F. Kuratko, R. M. Hodgetts, P. H. Phan, M. Ricketts, S. Sarasvathy, Y. B. Silwal, K. D. Manandhar, P. S. Tolbert, R. J. David, W. D. Sine, M. Virtanen, N. A. Hassan, and others are essential.

From the CIS countries, scholars such as T. E. Ryazanova, O. A. Abalkin, M. I., Spanov M. S., Sealova G., Azarskaya M. A., and Kochergina have studied the role of small business and private entrepreneurship in ensuring economic security within the economic system.

RESEARCH METHODOLOGY

In this article, we relied on methods such as the analysis of scientific publications, monographs, research works, and abstracts; statistical analysis and data comparison; expert interviews and surveys; analytical forecasting and the study of international experience; expert evaluation, interviews, tests and questionnaire surveys, as well as mathematical and statistical analysis methods.

ANALYSIS AND RESULTS

Foreign scholars and their works include Joseph Schumpeter's The Theory of Economic Development (1934). Schumpeter viewed entrepreneurship as the main driver of economic development and emphasized innovation as the central element of entrepreneurship. His theory of "creative destruction" helps to understand market mechanisms and the role of entrepreneurship in the economy. It can serve as a foundation for developing recommendations on introducing innovative technologies in entrepreneurial activities in the context of Uzbekistan.

For this reason, the "Entrepreneurship Code of Uzbekistan" was developed based on new legal norms tested in international practice to regulate relationships in this area. This code consists of 8 sections, 29 chapters, and 315 articles. The law integrates 8 existing laws and more than 10 legal documents that regulate the field.

The code introduces several new provisions aimed at protecting entrepreneurs' interests. Specifically, entrepreneurs are classified into three categories based on their size: small enterprises with up to 100 employees and an annual profit of up to 35,000 BHM; medium-sized enterprises with 101-250 employees and annual profits between 35,000 and 350,000 BHM; and large enterprises with more than 250 employees and annual profits exceeding 350,000 BHM. A key aspect of this document is that, in order to prevent unwarranted inspections and protect entrepreneurs' rights, the list of 147 monitoring functions of 38 state agencies and 20 types of inspections to be conducted by the Business Ombudsman is attached to the code. Inspections will now be carried out according to this list.

Legal foundations and state policy play a crucial role in developing private entrepreneurship, as they define the necessary regulatory documents and mechanisms for organizing, supporting,

and strengthening entrepreneurial activities. In Uzbekistan, the legal foundations and state policies aimed at supporting private entrepreneurship cover several areas:

The Constitution of Uzbekistan guarantees the right of every citizen to engage in economic activity and own property.

The "Law on Entrepreneurship" (1998) defines the legal foundations of private entrepreneurship, granting broad rights to entrepreneurs, and regulates the procedures for business management, liability, licensing, and permits.

The "State Program for the Development of Small Business and Private Entrepreneurship" outlines the legal foundations, mechanisms of state support, and assistance for the development of private entrepreneurship.

The legal protection of private property is ensured through regulations designed to safeguard ownership rights and resolve legal disputes.

The "Law on Investment Promotion and Protection" focuses on attracting investments into the private sector, creating favorable conditions, protecting investors' rights, and expanding their opportunities.

Currently, the government is making significant efforts to support private entrepreneurship through subsidies, grants, and loans to ensure financial backing for entrepreneurs. Specific measures include tax breaks, financial assistance for expanding production, and facilitating the tax payment process. Simplification of licensing and permits is also a critical aspect of supporting private business.

Recent legal documents and state policies in the field of entrepreneurship include the 2019 revision of the "Entrepreneurship Law," which introduced new provisions aimed at ensuring business freedom and protecting entrepreneurs' rights. Reforms in tax legislation, simplification of licensing procedures, and transparency in state-business relations are central aspects of the revised law.

The "Law on the Protection of Private Property Rights," passed in 2021, has played an essential role in ensuring legal security for entrepreneurs by protecting private property rights and simplifying the process of property registration.

CONCLUSION

In 2022, the "Law on the Development of Small Business and Private Entrepreneurship" was adopted, with special attention to supporting the activities of small businesses. The law introduced new financial and legal mechanisms for business development, including tax incentives and support measures. Furthermore, the state program for the years 2022-2026 aims to enhance private entrepreneurship through tax breaks, digital economic development, and the introduction of innovative approaches.

The strategy for developing the digital economy also supports entrepreneurship by promoting e-commerce, digital services, and expanding digital infrastructure.

In conclusion, Uzbekistan has made significant strides in improving its business environment. The country has moved up from 138th to 69th place in the World Bank's Ease of Doing Business ranking. With ongoing legal and policy reforms, Uzbekistan is creating favorable conditions for entrepreneurs, attracting investments, fostering innovation, and simplifying the



tax system, all of which contribute to economic growth and the development of private entrepreneurship.

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