

# Experience of Advanced Foreign Countries in Supporting and Regulating Business and Craft Activities in Mahallas

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**Abstract.** In this paper has been analysed experience of advanced foreign countries in supporting,regulating business and craft activities. According to the authors mind the main areas of social activity in the mahalla system, improving the standard of living of the population, showing the role and importance of social workers in this process, as well as the basics of the mahalla institution.

**Keywords:** Experience of advanced foreign countries, regulating business, craft activities, economics, family business.

## 1. INTRODUCTION

In many developed countries, the creation and successful management of business enterprises is ensured by means of state support. They have accumulated a lot of positive experience in this field, the use of which, taking into account our conditions and characteristics, will lead to positive results.

According to the assessment of leading experts of the CIS and Western countries, for our economy to work effectively, there should be one organizational unit for every 70-80 people of the population.

In the United States, the Small Business Administration was established in 1953 with a wide network of representatives throughout the country. More than 3 thousand employees serve in it. Legal committees (consisting of 30-40 people) were established in each state.

The main focus of this organization's activities is to help in conducting personal business, providing loans and guaranteed loans to small businesses. At the same time, it consists of assisting the private sector, financing and lending, providing various information, and improving the skills of operators. (SBA) administration has a budget of 45 billion dollars and its activities are controlled by the president of the country. Two-thirds of the country's workforce is employed in this sector.

Indeed, the life of our people cannot be imagined without the neighborhood, which is a unique form of self-government. For centuries, our national customs, traditions, paintings, customs and values have been polished in the neighborhood and passed down from generation to generation. The role of the neighborhood in organizing people, encouraging them towards noble goals, and uniting them around the ideas of national development remains incomparable.

In this sense, the neighborhood is a unique place for our people to be able to fully demonstrate the qualities of tolerance and humanity. On the basis of the overall aspects characteristic of the neighborhood, in fact, a great sense of respect for the person and the society is embodied.

Undoubtedly, it is important to improve the legislation in this regard for the comprehensive development of the neighborhood institution. At the same time, you will also find that the people of each neighborhood have a high sense of pride and pride in their unique qualities. This, in turn, reflects the fact that this social institution is successfully fulfilling its mission in the life of our society.

## 2. ANALYSIS AND RESULTS

Self-governing bodies in the province are ministries, local governments and - Nuroni, - Ekosan, - Children's sports development funds, the Youth Union of Uzbekistan, the Committee of Women and Girls, the Republican Center for Spirituality and Propaganda They are working in cooperation with a number of public organizations, as well as their local departments. As a result, they develop neighborhood activities, maintain peace and tranquility among citizens, promote national ideas and ideology, spirituality and enlightenment, healthy lifestyle, protect public health, and show kindness to citizens. The staff of the system are closely supported in matters such as showing, development of mass sports in the neighborhoods.

In our country, the agency that develops and implements state policy in the field of providing assistance to families,

women and the elderly, protecting their rights and legal interests, and cooperating with citizens' self-government bodies - "Neighborhood and Family Support" "Ministry of Support" and its divisions of the Republic of Karakalpakstan, regions, Tashkent city and district (city) were established. The creation of a new ministry, structural reorganizations of citizens' assemblies and revision of their tasks, transition to a new system of financing citizens' self-government bodies were focused on.

According to the decree, on the basis of the "Family" scientific-practical research center under the Cabinet of Ministers and the "Mahalla" educational-methodical and scientific-research center, the "Neighborhood and Family" scientific-research institute will be established and transferred to the structure of the ministry. For information, the decisions of the leading bodies of the Women's Committee of Uzbekistan and the Republican Council for Coordination of the Activities of Citizens' Self-Government Bodies on the termination of these organizations were adopted.

Analyzes show that the employment rate of our women depends on the level of education. In particular, 68.7 percent of those with higher education and less than 30 percent of those with secondary and secondary specialized education have a paid job.

According to statistics, in 2015, the level of education of women employed in enterprises and organizations in our country was higher 33.1%, secondary specialized 48.6%, secondary and incomplete secondary education 18.3% %, this figure in 2016 was 33.7% of higher education, 49.5% of secondary special education, and 16.8% of secondary and incomplete secondary education[2] .

One of the most important tasks of small enterprises in developed countries is to ensure a competitive environment in the economy. In this regard, the law established in the United States states as follows: "Private business is the essence of the American system, and it is free competition." Only full and free competition can guarantee a free market, free opportunity for entrepreneurship, opportunity for expression and development of personal initiative and vision. Protecting and promoting such relations is the basis not only for economic prosperity, but also for the security of the country. Security and prosperity cannot be ensured without developing and encouraging the existing and potential opportunities of small business. [1]

**Table 1: Small business indicators in developed countries**

Country	Number of SMEs, thousand	One thousand people per population	Share of SMEs in total employment, percent
USA	200000	74	69
European Union countries	350770	58.0	83
Great Britain	2630	56.0	59
Germany	3690	48.0	75
Italy	3920	26.5	73
France	1980	45.0	65
Japan	6450	49.6	78
Russia	866.2	25.8	20.1

In Japan, small business is also very important. In Japan, 9 out of 10 enterprises are craft, small and medium-sized enterprises. Its share in the gross national product is very high. The following organizations, associations and centers serve to support small businesses in this country:

- Department for small and medium business;
- State corporation for the development of small business and craft enterprises;
- General Federation of SME Associations;
- SME general education center and others.

Dozens of special banks also provide business loans. State aid consists of preferential taxation, accelerated depreciation, help in case of bankruptcy, stimulation of the technical level of small business.

More than 500 chambers of commerce and industry and their affiliates provide advice, finance and education to small businesses and entrepreneurs in Japan. The financial base is formed by the special fund for support of

entrepreneurship and small business - the people's fund, as well as a financial corporation with the help of the state.

Support work is also carried out by commercial banks through the mediation of state and social funds.

The distribution of public funds is carried out by commercial entities such as small business corporations established by the Japanese government.

In France, there are various organizations that support crafts and small businesses:

- Confederation of small and medium-sized enterprises;
- Chamber of commerce;
- Chamber of crafts;
- Chamber of Agriculture;
- French society of investment risk insurance;
- Business organization center and others.

At the national level, the policy of supporting crafts and small businesses is controlled by ministries and institutions acting on the mandate of the state.

Financial assistance is used in the following form:

- Unsecured, interest-free loan for entrepreneurs (loan under promise);
- Interest-bearing loans payable for 5 years;
- Allocation of subsidies up to 32,000 francs for those who have lost their jobs and want to start a business;
- Use of various forms of preferential taxation.

There are more than 3.6 million small and medium-sized business entities in Germany, which employ about 75 percent of the economically active population. These enterprises supply 60% of the country's GDP. Enterprises with the number of employees up to 50 people, and the average number of employees up to 50 people and the annual turnover of up to 100 million marks are included there.

In Germany, enterprises that specialize in the processing of agricultural products and produce many types of food and other consumer goods are strongly encouraged by the state. They are organized as small-scale production facilities in the form of workshops in rural areas. This country also has a system of states aimed at all-round support of crafts and entrepreneurship, which is primarily based on creating a legal framework in this regard and protecting the rights and interests of entrepreneurs.[1]

Also, their preferential use of long-term credit resources, preferential tax regime, formation of production, financial, social, and market infrastructures ultimately serve to effectively develop this sector of the economy.

The Federal Ministry of Economy of Germany pays great attention to the more active entry of crafts and small enterprises to the foreign market.

International experience shows that the most effective method is the selection of enterprises for inspection based on the assessment of the potential risk associated with the operation of the enterprise by the control body. implies that it depends on the level.[2]

In Germany, a state program to support small businesses has been developed and implemented. According to it, entrepreneurs are given an interest-free loan in the first two years of activity. In subsequent years, annual interest is charged at very low rates. Thus, an almost free initial investment is provided.

Privileges are granted based on a carefully developed business plan by the state organization. Then this organization strictly monitors the intended use of the loan and requires that all expenses be confirmed with appropriate accounts. Small businesses operating in the production sector rent plots for construction at low prices.

It is important to note that in this country, based on the characteristics of the economy, the mentality of the people, available resources and other factors, a well-thought-out state policy is implemented to support small and medium-sized businesses.

South Korea's Small Business Federation, SME Bank, Technology Insurance Federation, and the Ministry of Trade and Industry promote the development of small and medium enterprises.

As an integral part of the industrial development policy, a large legislative base has been established in the field of handicrafts, small and medium-sized enterprises development support policy: the decree on the promotion of small and medium-sized enterprises (1966), the law on the promotion of subcontracting of small and medium-sized enterprises (1978), from the list of goods produced only by small and medium-sized enterprises (1982), regulations on mutual assistance fund for small and medium-sized enterprises (1984), decree on regulation and modernization of

small business management (1983), etc.

Support is given first to companies with the highest export potential. At the same time, small enterprises are integrated into large cooperative groups, which receive financial, tax and technical support from the government.[3]

In South Korea, the expert-oriented strategy of economic development was implemented step by step during the last 40 years of the 20th century.

This strategy consists of 4 stages, all of which are directly related to the development of handicrafts and small business activities. Although in the second stage (1973-1979) there was a decline in the development of small business, in the third and fourth stages (1980-1990, 1990-2000) state reforms were implemented that served the development of small business.

In Italy, based on the indicators of small business, the "Third Italy" region has emerged, which includes the center and overview of the country. Most of the small enterprises producing textiles, clothing, footwear, furniture and ceramics are located here.

In Italy, we can observe regional cooperatives consisting of industrial districts, constellations, groups and networks. The district unites a number of small enterprises specializing in certain stages in the production of a country. The concentration of enterprises in a narrow area allows them to use the benefits of cooperation, such as improving the state of innovation, responsiveness, reducing anxiety, and reducing overall costs. Constellation is a cooperation consisting of several (5-10) enterprises specializing in the middle or final stages of production. One of them is the leader. In the conditions of modernization of production, groups appear in places where there are opportunities to own specific action goals, where new development prospects are defined.

Constellations are especially useful and effective. After merging, small enterprises not only solve their problems, but also have the opportunity to solve issues such as increasing production volumes, producing new types of products, entering new markets.

Usually, in the constellation, the enterprises that are engaged in the final stage of production are the leaders, that is, it collects the parts they have worked on from its production partners, brings them all into a whole, finished product, and puts the finished product on the market. Basically, constitution is a form of voluntary association of small business and private enterprise on mutually beneficial terms. Although there is a leading firm in it, there is no strict interdependence within the association.[4]

In addition, around one large industrial enterprise in Italy, dozens and hundreds of small enterprises are created as a subsidiary, and the country's economy benefits greatly from this.

In 1990, Italy passed the Administrative Procedure Law (Law 241/90) aimed at simplifying administrative procedures, shortening deadlines, and reducing the direct interaction of the private sector with public authorities. The introduction of the principle "silence is a sign of consent" (Silenzio assenso) will be one of the simplifications. According to it, the state body is limited by the period in which it must respond to the request of the applicant. If there is no negative response to the application within 30 days, the applicant is considered to have the right to perform the requested action or activity. At present, the Italian government has introduced the rule of the principle of "keeping consent - a sign of consent" into 194 rules of administrative procedure.

At the same time, targeted financing and preferential loans occupy a special place among the state support measures for small businesses in Italy.

About 600 billion liras are spent on this every year. In many cases, such financing is used for preferential tax treatment and for consortia and companies that bring together small enterprises. The amount of funds provided to one consortium should not exceed 300 million liras per year or 800 million liras over three years. Special assistance will be given to associations that include at least 5 enterprises with an investment of not less than 20 million liras. The main task of such associations is to cover up to 40% of the cost to the participants. Loans for the establishment of new enterprises are granted for a period of 15 years, for modernization or expansion of existing enterprises for a period of 10 years. In this case, the interest rate is 36-60 percent of the market interest rate, taking into account the loan amount.[5]

In the next few years, a lot of work will be done in the field of small business in the Russian Federation. In Russia, the private sector and business activities were at a low level.

In Russia, intensive work is being done on tax policy. The high tax "burden" not only hinders the development of business, but also forces many entrepreneurs to "operate secretly" in order to maintain their competitiveness in the market. In Russia, the single tax rate for small business enterprises using the simplified system of taxation is 6% of income or 15% of income less expenses. The object of taxation is covered by the entrepreneur himself.[6]

An organization applying a simplified system of taxation is not considered a value added tax payer. Excluding the

value added tax that must be paid when bringing to the customs territory of the Russian Federation.

In addition, in addition to the proportional (flat) scale of 13 percent for Russian income tax, social tax is levied on a regressive scale. Under this scheme, tax is levied at a reduced rate on the amount of wages earned above a certain level. The highest rate is 26 percent. (20 percent – for agricultural enterprises).

**Table 2: The importance of the state in the main reform direction in the legal management of entrepreneurship and crafts in different countries**

USA	England	Germany	France	Japan	Uzbekistan
based on free market relations	state and based on market mechanism activity	based on the social market economy	based on state "dirigism".	based on the priority of cooperative production activities	It is based on the activation of market relations based on the principle of "the state is the main reformer".

The main government program to support small businesses and crafts in the UK is the Loan Guarantee Scheme. It allows commercial banks to provide loans to businesses that do not receive loans independently. In this case, the government guarantees up to 70%, and in high-risk areas up to 85%. The interest rate of such guarantees is 2.5 percent per annum, and 2 percent in case of risk. In this way, 70-80 percent of loans provided by banks to small businesses are guaranteed by the government. About £50 million is allocated from the budget each year to cover these guarantees.

### 3. CONCLUSIONS

"Agency for Assistance to Enterprises of Local Importance" is an association of 200 independent bureaus that provide regional support to small firms. Its program "Entrepreneurship Assistance Scheme" provides financial assistance to unemployed people who want to start their own companies. In accordance with another program "Guarantee loans" program, insurance premiums are given to entrepreneurs who have successfully operated for three years. Since the 1990s, the UK industry confederation has been implementing the 'Entrepreneurship Programme'. It has established practical relations with small businesses, and the special contribution received from legal entities and individuals interested in its development is an additional source of financing for small businesses. Also, there are special programs that provide financial support of the municipal government for the development of small entrepreneurship in the areas, as well as help young people to organize or expand their business, and train entrepreneurs in the field of small entrepreneurship.

So, the infrastructure that creates conditions for the development of entrepreneurship and provides various services is an objective factor, which mainly creates a favorable environment for improving entrepreneurship.

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