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Ways To Improve Private Sector Activities Through Public Private Partnership System

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Abstract – We all know that giving independence to small businesses increases their sense of responsibility for the end result. The development of small business and private entrepreneurship is one of the most important priorities of economic reforms in our country. In particular, one of the main tasks of commercial banks today is to provide small businesses with sufficient financial resources and services.

Keywords – Government sector, Private sector, small businesses, market economy, entrepreneurial environment.

I. Introduction

The development of small business and private entrepreneurship in the country creating the necessary environment of competition, can quickly adapt to many changes in market conditions, create new additional jobs in manufacturing and services, and form a middle class to ensure the social environment in the country is the source.

First, it is deep, adapting quickly to the necessary conditions of a market economy ensures its high efficiency as a result of specialization and cooperation.

Second, it is characterized by a high level of ability to quickly deliver the goods and services needed by the population, taking into account the balance of supply and demand in the market.

Third, cheap and high-quality goods and services for consumers by creating a competitive environment offers.

Fourth, a market economy creates an entrepreneurial environment and spirit that would not exist without it. Another important aspect of small business and private entrepreneurship is that in a highly competitive environment, they are constantly forced to develop and have to adapt to current market conditions, and their superiority over other businesses is a source of increased profits. After all, a market economy requires people to work hard to live the way they want to live. Trust the interests of small business and private entrepreneurship in our country.

II. Main part

The Decree of the President of the Republic of Uzbekistan dated February 7, 2017 "On the Strategy of actions for further development of the Republic of Uzbekistan" covers the socio-economic life of the country in order to protect and ensure their further development as well as systematic in the development of small business and private entrepreneurship, showed the need for a critical and comprehensive approach. The role of small business and private entrepreneurship in the implementation of each of the five priorities of the Action Strategy is invaluable.

“The action strategy for the five priority areas of development of Uzbekistan in 2017-2021 is also an international strategy for financing small business and private entrepreneurship.

attracting preferential credit lines and grants from financial institutions and foreign governments. In particular, attracting funds from international financial institutions for the development of agriculture in 2017:

- $ 150.0 million loan from the Asian Development Bank for the project "Modernization of Agricultural Production";

- $ 150.0 million from the International Bank for Reconstruction and Development for the Livestock Sector Development Project

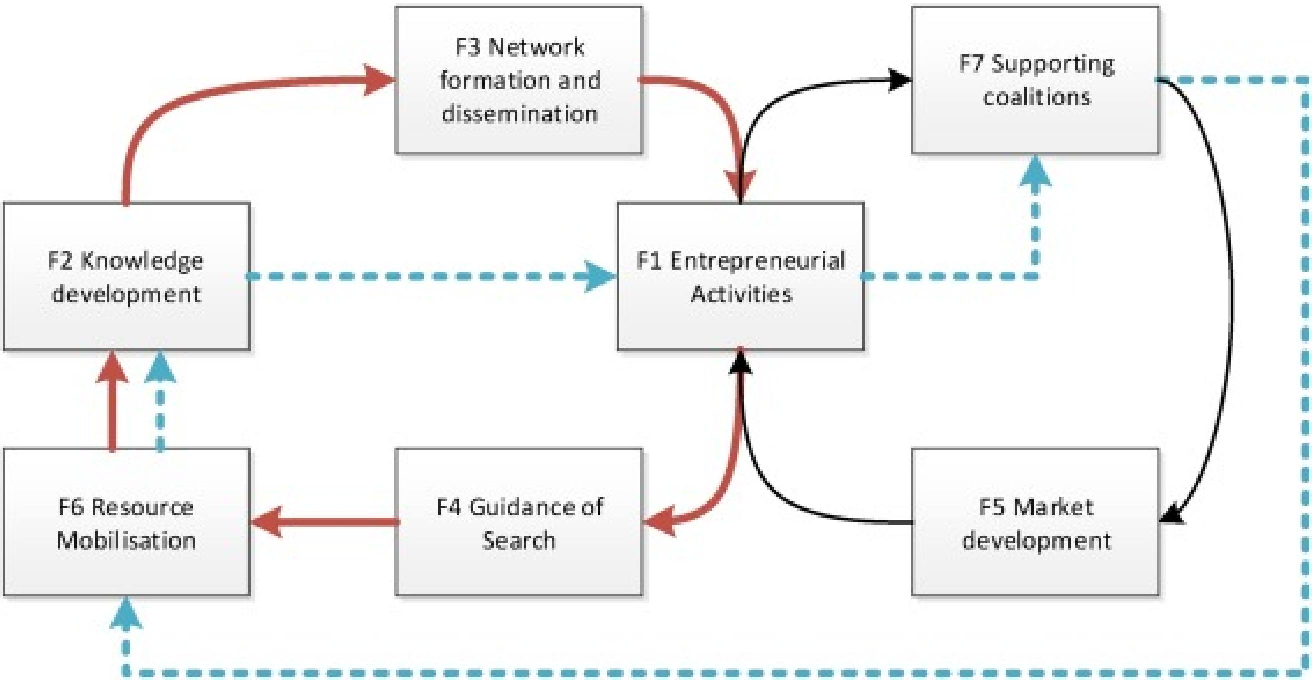
- It is planned to attract $ 23.8 million from the International Fund for Agricultural Development to the project "Expansion of dairy production and development of processing in Kashkadarya and Jizzakh regions."

Small business and private entrepreneurship in developed countries in general has extensive experience in the field of financial rehabilitation. It is based on the following:

- to support small business and private entrepreneurship special laws aimed at;
- State of small business and private entrepreneurship development programs;
- guaranteed and preferential lending to small business and private entrepreneurship;
- preferential lending to small businesses, easing the tax burden on them;

It is worth noting that in our country, in order to comprehensively develop the small business sector, various benefits are provided.

Fig 1.



III. Influence the Entrepreneurial Activities

The study found that the practice of commercial banks in the country is gaining a lot of experience in lending to small businesses. The experience of foreign banks is also being used effectively. However, the process of lending to small businesses in our country has its own problems.

The state has always cooperated with the private sector. This cooperation is usually done by the government ordering the construction or service to the private sector, covering the costs, or outsourcing certain services to the private sector. The forms of public-private partnership are as follows:

- traditional supply;
- outsourcing & establishment management;
- strategic partnership;
- private finance initiative;
- leasing;
- use of state property by the contractor (GOCO);
- joint venture;
- full privatization.

In each of the above forms of cooperation, there is a need to build a specific facility or provide a specific service, which involves the private sector.

This means that when the government invites the private sector to a project, it determines who will be responsible and what the relationship between the two sectors will be. There are several forms and forms of this relationship.

Depending on whether the private sector builds, designs, finances the project, or undertakes the design, construction, operation, and maintenance of the project at a certain cost, the chosen model of partnership is determined. In addition, the form of partnership is determined by the mechanism of payment to the private sector.

Among the many developed and developing countries, the model of public-private partnership design / construction / financing / operation / repair has been chosen. In Canada, this model is called P3s, and in the UK it is called the Private Financing Initiative.

In the course of the research, we believe that it is necessary to identify the problems that arise in the lending of small business in the Republic of Uzbekistan and implement the following proposals to address the existing problems, taking into account foreign experience:

- establishment of special credit institutions and inclusion of small business lending as a key task in their activities;
- promotion of effective banking experience of foreign countries in lending to small businesses in the Republic in this area;
- collateral, which is one of the main problems of small businesses establishment of various guarantee funds to assist in the matter;
- improving the activities of credit unions;
- In this regard, small business entities of commercial banks of the Republic The following are activities aimed at improving lending practices. We have developed proposals:
- Increasing the limits for small businesses in the process of placing loans in credit policy.
- Increasing attention to the level of diversification of the loan portfolio of commercial banks of the country.
- Measures should be taken to increase the knowledge and experience of employees of credit departments of commercial banks in the analysis of financial statements of enterprises.
- in-depth knowledge of bank employees in the field of financial analysis and
- skills are important in assessing a customer’s ability to repay a loan. The correct calculation of financial performance and customer cash flow depends on the accuracy of the information presented in the financial statements.

- Given the instability of cash flows in the majority of customers of commercial banks, it is necessary to fully use the method of financial ratios to assess the creditworthiness of customers in banks.

- Five financial indicators are actively used in commercial banks of the country to assess the creditworthiness of customers.

The importance of the public investment program in the socio-economic development of the country is explained, first of all, by the financial support and further development of priority sectors of the economy. Organizing and reforming financial management in small businesses today.

The urgency of the issues is characterized by a sharp change in the economic and organizational conditions of small businesses, their survival and development in the context of economic liberalization is directly related to the level of effective use of existing financial opportunities. In general, the problem of financing the activities of small businesses currently the most is a topical issue.

In our opinion, it is advisable to take the following measures to develop small business and private entrepreneurship.

- creation of a more favorable business environment in the country and its regions, improvement of legislation aimed at strengthening the priority of private property;

- giving more freedom to private entrepreneurship, reducing the functions of the state and the established norms;

- Introduction of market instruments and mechanisms to ensure the wide use of financial and credit and raw material resources of small businesses, the issuance of government orders for their products;

- organization of small enterprises and small enterprises and further simplification of business registration procedures;

- Improving the conditions and shortening the construction of small businesses and their connection to engineering and communication networks - energy and gas supply, water and heat supply and other sectors;

It shows that commercial banks have problems in financing sectors of the economy, including the provision of microfinance services to small businesses and private entrepreneurs. The government of our country is sufficiently reviewing the regulatory documents for financing small business and private entrepreneurship of commercial banks.

IV. Conclusion

So we tried to give a brief overview of what a public-private partnership is, its “private finance initiative” model, and its benefits and harms. Now, what needs to be done for this initiative to be accepted and successful? I will dwell on the following:

1. Development of a special legal framework and legislation for the partnership. In my opinion, the most important step is to review the norms and legal framework of the current law and to ensure the legality of property ownership and contracts in order to make the necessary changes to long-term contracts and the tax system. This gives clarity and confidence to both investors and the government.

2. Transparency. The process from the bidding process to the end of the contract must be fair and transparent. Only in a transparent process will it be possible to identify effective austerity mechanisms and build trust between the private and public sectors.

3. The State's acceptance of the partnership as a long-term obligation. The realization of this initiative shows how serious the state is about this issue. For example, if the government comes up with one or two projects and abandons them halfway, it will be difficult to find a partner for such agreements in the future.

4. Tender process. Keeping the bidding process as short and thorough as possible will help avoid unnecessary costs and reduce the cost of the project. To this end, it is advisable to develop standards for projects and contracts.

5. Finding / creating alternative sources of funding. If the private financial market is valuable to the state, then the state can provide a portion of the capital, become a financial partner in its project, and / or lower the price by finding and creating an alternative and affordable source of finance. For example, an investment fund can be set up to finance a project.

6. Facilitate project change. I recommend that "soft services" (cleaning, catering, etc.) not be included in contracts, especially for completed and operational projects. Costs for repairs should also be closely monitored and included in the contracts.

7. Risk management. Existing risks must always be reconsidered. In the risk-sharing process, both parties must assume the amount of risk that they can best manage. Otherwise, one side will suffer and this will lead to mistrust between the state and the private sector in the future.

8. Government participation in the project as an investor. Being a member of a consortium as a limited investor in a project can help solve a number of problems. First, the government closely monitors the project and participates in making functional decisions. Second, because the state is a shareholder, it is the norm in terms of fees and required prices. Third, the spirit of mutual trust and cooperation between private investors and the state will grow.

9. Debt concealment. The government should not use this partnership only to hide its debts, but to invest in additional infrastructure. To this end, partner projects should be regularly monitored and audited, and information should be open and easily accessible to independent auditors.

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