

**INCREASING THE INNOVATIVE POTENTIAL OF SMALL BUSINESS AND PRIVATE
BUSINESS ENTITIES**

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Abstract: In the article, the processes related to the development of innovative processes in our country, capacity building and their effective management, comprehensive support of small business and private entrepreneurship, venture entrepreneurship in investing in the activities of small enterprises and its implementation are studied.

Key words: innovation, innovative activity, innovative entrepreneurship, innovative authority, innovative development, economic renewal, innovative project, products with high scientific capacity, technological innovations, venture entrepreneurship, risk.

In recent years, deep structural changes have been made in the economy of our country, and special attention has been paid to the creation of conditions that ensure development, economic independence, its stability, strength, ability to constantly renew and self-improve in various branches and sectors of the economy. In this, the role of small business and private entrepreneurship is incomparable.

As the President of the Republic of Uzbekistan, Shavkat Mirziyoyev, stated in his Address to the Oliy Majlis: "By an active entrepreneur, we mean a businessman who is able to produce competitive products, and most importantly, a businessman who creates new jobs and not only supports himself and his family, but also benefits the entire society. We understand people. Our first task is to expand the ranks of such entrepreneurs, including bringing and introducing high technologies, equipment and equipment based on the latest achievements of science to our country.

Currently and in the near future, the following main problems that need to be solved in the field of innovative development remain: "... improving and increasing the volume of funding mechanisms for scientific research and innovative projects in public-private partnerships, international financial organizations and funds requires the support of small and innovative entrepreneurship through technoparks, innovation centers and youth technoparks.

Increasing the innovation potential in the country is related to the activity and development of small business and private entrepreneurship entities, and the result leads to an increase in the innovative activity of the industry and ensuring their competitiveness. Therefore, the innovative activity of small business entities in developed countries is supported by the state. If we look at this situation as an example of foreign countries, Germany has a state program aimed at implementing innovative projects of small business entities and stimulating their scientific and technical development. Within the framework of this program, small business entities are granted a preferential loan of up to 1 million euros for a period of up to 10 years, in which the amount of the subsidy is from 3% to 10% of the loan amount. In addition, as in a number of developed countries, in Germany, small business entities are using programs that support the development of their activities. In this, it is mainly envisaged to provide priority support to the branches of production with scientific capacity.

In Singapore, a favorable investment environment for the active development of small business entities has been created in the country, the types of services in this field have been

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developed at the level of the demand of the time, and the employment of 70-80% of the country's population and the legal basis for the development of the field have been strengthened. Therefore, today Singapore ranks 5th in terms of business development.

World experience shows that small enterprises create 4 times more innovations and ideas than large enterprises, or for every dollar spent on scientific research, small innovative enterprises create 2.5 times more products than large enterprises.

In the conditions of modernization of the economy, the expansion of the possibilities of effective use of loans, raw materials, and state preferential systems by small business and private business entities is an important factor in increasing their innovative potential.

In order for business entities to organize innovative processes in their activities, they have at their disposal sufficient funds for financing ideas and developments, the appropriate material and technical base for creating and mass production of a new product, and time for the implementation of innovations and its introduction. along with having competent employees who meet the requirements, they should have the ability to develop innovative ideas at the level of the requirements of the innovative development of today's economy.

Increasing the innovative potential of entrepreneurship is of great importance in the growth of the country's industry and economy. That is, if active entrepreneurs carry out practical work on introducing and improving technologies to create innovations, innovative and investment development will accelerate. It is necessary to further improve the mechanisms of allocating long-term loans for investment purposes and to increase their volume, to continue practical activities related to the formation of initial capital and the expansion of the scope of microloans.

At the same time, the main directions for comprehensive support of small business and private entrepreneurship, elimination of obstacles that have a negative impact on the rapid and stable development of business entities are being developed.

In addition, in the conditions of world integration and globalization, it is necessary to develop the activities of business entities in the country, to organize the small business sector on the basis of innovative and modern approaches, advanced technology and management methods.

At this point, it should be noted that the modern economy has a set of mechanisms that ensure the effectiveness of innovative activity, one of which is venture entrepreneurship. Venture entrepreneurship and venture investment are both a financial mechanism and a source of high income.

The word venture means risk. For example, it is no secret that there are financial, market, technical, and price related risks in the implementation of any new, innovative production. Lack of financial resources, insufficient market demand for the product or service, inconsistencies in technical support, established the probability of occurrence of risks such as prices not being able to cover costs is relatively high. As a result, not all entrepreneurs want to engage in such activities.

However, the peculiarity of venture entrepreneurship is that, although it is associated with high risk, when it is successfully implemented, it can bring great benefits compared to other business activities. This allows the emergence of venture entrepreneurs who are ready to take risks and venture funds that finance them.

Venture investment is a source of financing the innovative activities of entrepreneurship and is an alternative form of it. It first appeared in the United States in the mid-50s of the 20th century and spread throughout Europe.

Venture investment as a financial instrument is risky, but usually brings high returns. The results of the last 20 years of the USA show that these investments are the most effective. Its average profitability is 19%.

The results of studies of venture business activity in a number of countries such as the USA, Japan, Finland, and India showed that this type of activity can fundamentally change the industry as an innovative model of economic development, provide it with investment, and ultimately lead to economic growth. can lead to and eliminate the investment deficit.

In addition, small firms engaged in venture entrepreneurship are one of the organizational forms of innovative activity, which occupy a special place among small business entities. They contribute to the creation and development of high-tech enterprises.

Venture entrepreneurship is also characteristic for the commercialization of scientific research carried out in high technologies, and it can be seen that the results obtained from the high-tech industry are not guaranteed and the risk of risk is very high.

So, venture entrepreneurship means not only investing in the activities of small business entities, but also based on direct scientific and technical commercialization, spending one's own capital fund on the basis of risk for obtaining new products and new technologies.

In international experience, there is a high risk of venture business from the initial stages, and if the final results of the invested processes are not achieved, it is possible to separate from the financed funds.

Funding of the results of scientific research in the field of science is more suitable for this type of business.

Entrepreneurs, researchers, and inventors who have just started a new business need funds to independently implement their ideas and promising developments. In this case, the venture fund appears as the only investor ready to invest in new developments.

Of course, it is difficult to get credit and debt funds from commercial banks for the project, which has an uncertain end. In such a case, venture capital investors come to the entrepreneur as assistants and sponsors. From an economic point of view, the main goal of investors is not to help entrepreneurs, but to get high profits.

In order to develop venture financing in accordance with the Decree of the President of the Republic of Uzbekistan "On measures to fundamentally improve the mechanisms of financing projects in the field of entrepreneurship and innovation" No. PF-5583 dated November 24, 2019 "On investment and management companies" "The Regulation was developed and the decision of the Cabinet of Ministers No. 414 was adopted on May 17, 2019.

Today, 3 Uzbek-Emirati investment companies, "Venchur Kapital Invest" investment company and "Vadiy Investments" investment company, 1 "Astron" venture fund and 1 "Vadiy Investments Management" management company were established.

At the same time, in the following years, funds for the support of innovative development and innovative ideas were established in about 20 organizations in our country, and 45.46 billion were allocated to it. Soum funds were transferred. In our country, a completely new system of financing innovative activities was introduced in the decree adopted in order to introduce venture-based financing and attract financial resources of business entities to innovative projects. Together with this, the Youth Academy was established in order to realize the scientific and creative potential of scientists, entrepreneurs and enterprising young people and to support and encourage the platforms of idea generators, startups, business representatives and future academics.

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