

## THE DEVELOPMENT OF SMALL AND MEDIUM-SIZED BUSINESSES IN THE REPUBLIC OF BELARUS

*И.Ю. Грицук, 3 курс*

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The choice of the theme of the research is dictated by some theoretical and practical circumstances. The economic development of Belarus is characterized by inconsistent tendencies. It is connected with the fact that our country is at the important stage of development, when the transition from the last features of centralized economy to a market economy is taking place. It is necessary to transform the process of governmental regulation of small and medium-sized businesses under the influence of economic crisis and liberalization of economy, because small and medium-sized enterprises can give Belarus a necessary saturation of the market, the tendency to the stability of prices.

It is important to understand, that small and medium-sized businesses influence the structure of the market and expansion of market relations, first of all as a result of quantitative changes of market agents, improvement of professional skills and involving people of various strata of society to the system of business and business administration. At the same time, it is necessary to face a number of adverse factors to begin a small business in Belarus:

1. The economic situation in the country, and, first of all, the shortage of the state budget, do not allow the state to finance widely the program of development of small business.
2. A high degree of bureaucracy of the state bodies.
3. The deficit of equipment in the country and a considerable rise in prices for new technologies do not allow small enterprises to manufacture at a high technological level.
4. Market infrastructure is not well developed, and first of all the system of insurance of industrial hazard and credits, which is especially important for the enterprises of small business because of innovative character of their activity.
5. Acute shortage of experts, who have entrepreneurial experience of enterprise activity in the conditions of market relations.
6. A rather complicated system of taxes and other payments.

Private business created about 12 % of the gross national product of the country in 2009. There are nearly 2,5 small enterprises per 1 thousand people in Belarus. As a whole in the republic 9 % of the population works in small and medium-sized businesses. In spite of the fact that the main course of economic policy is social help to agriculture and large scale industry which are the basic source of the budget, it is necessary to realize that in the middle term the support of competitiveness of production of Belarusian enterprises will inevitably lead to the necessity of their market reforming. Small and medium-sized businesses will be a source of absorption of superfluous labour and increase of the gross national product. Therefore, the support of this kind of business should be the priority of legislative initiatives of the state.

According to decree №255 from July 1st, 2009, the banks (Belarusbank, Belagroprombank, BPS-Bank) will define the size of loans, the conditions and control of their target use. The decree sets up new

kinds of state support: preferential crediting of entrepreneurs when local authorities can place the budgetary funds provided on rendering the state support to a small business, on deposits in banks, and on this money banks can give credits to small business owners. The mechanism of loan guarantee also is registered in the decree under the credits given by banks.

The program of the attraction of small and medium-sized businesses to unload warehouses of Belarusian enterprises is developed. The government underlines the necessity for businessmen to reorient the activity to export Belarusian goods to a foreign market. The policy of stimulation consists in granting various privileges and subsidies to businessmen.

Decree №991, from June 28<sup>th</sup>, 2009 pursued the aims to guarantee the effective spending of money resources and to carry out the integrated financial policy, taking into account the influence of the world financial and economic crisis on the territory of Belarus. The decree stated that a legal person in the Republic of Belarus can get goods only from manufacturers, i.e. a legal person has no right to buy goods from intermediaries.

A negative side of decree №991:

- 1) The absence of "an adaptable period». The decree was developed very quickly.
- 2) A small amount of manufacturers at the market of Belarus.
- 3) The possibility of negative consequences for economy. Some people may lose their jobs.
- 4) The prohibition of intermediary activity can boost shadow economy.

The advantage of the decree was that it does not affect individual entrepreneurs and natural persons.

To make a conclusion, I want to mention, that despite all the measures made by the government of Belarus for the purpose of stimulation the development of small and medium-sized businesses, some deterrents continue to exist. To improve the situation in the area of small and medium-sized businesses it is necessary, to my mind, to do the following:

1) Debureaucracy of state bodies: the cancellation of complicated process of licensing, the reduction of supervisory institutions.

2) Simplification of the taxation system and the improvement of procedures of tax administration: tax cuts for individual entrepreneurs whose annual turnover does not exceed 10000 US dollars, the reduction of VAT.

3) Simplification of foreign trade.

4) Creation of equal conditions for businessmen-exporters of Belarusian goods and businessmen who sell goods at the home market.

5) Revision of decree №991.

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