

PROCEDURE FOR ISSUING LICENSES TO SMALL BUSINESS AND ENTREPRENEURSHIP ENTITIES

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Abstract. This scientific article analyzes the legal basis, practical mechanisms, and economic significance of the procedure for issuing licenses to small businesses and entrepreneurs. The stages of the licensing process, the role of authorized bodies, the procedure for submitting and considering applications, as well as the impact of digitization processes are covered. The study considers current issues of improving the licensing system based on the current regulatory legal acts of the Republic of Uzbekistan.

Keywords: small business, entrepreneurship, license, licensing procedure, permitting process, state control, electronic government, business entity, regulatory legal acts.

Introduction. In market economy conditions, small business and entrepreneurship entities occupy an important place in the stable development of the country's economy. They are considered a leading factor in creating new jobs, supplying the domestic market with goods and services, and encouraging innovative activity. Along with this, certain types of activities need to be regulated and controlled by the state. One of such control mechanisms is the licensing system.

The licensing procedure is aimed at ensuring the lawful activity of business entities, protecting the interests of consumers, and guaranteeing safety. In recent years, large-scale reforms have been carried out in Uzbekistan to simplify and digitize licensing processes.

A license is a special permit issued by the state to carry out a specific type of activity. In Uzbekistan, the licensing procedure is regulated by the Law "On Licensing, Permitting and Notification Procedures." This law defines the types of

activities subject to licensing, the conditions for issuing licenses, and the rights and obligations of authorized bodies.

According to the legislation, only activities related to society, the life and health of citizens, the environment, or national security are subject to licensing. This allows ensuring necessary control without limiting entrepreneurial freedom.

The process of issuing licenses to small business entities consists of several main stages:



The applicant entrepreneur submits a set of required documents to the authorized body. In recent years, this process has been carried out electronically through the Single Portal of Interactive State Services. This system serves to reduce bureaucratic barriers and minimize the human factor.

The authorized body reviews the documents within the specified period and issues a license if legal requirements are met. Refusal is carried out only if there are grounds provided for by law.

Licensing is an obligation for small businesses on one hand, and a means of legalizing their activities on the other. An enterprise possessing a license appears as a reliable entity to its clients and partners.

Licensing Process Stages

Stage	Actions Performed	Responsible Body	Duration	Main Documents
1. Application	The business entity submits an application to obtain a license.	Licensing Authority	1–3 days	Application form
2. Document Submission	Submission of required documents: business plan, financial report, technical specifications.	Entrepreneur	3–7 days	List of documents
3. Inspection and Expertise	Examination of documents and activity conditions, conducting expertise.	Licensing Authority	7–14 days	Inspection reports
4. License Issuance	Official license is issued if requirements are met.	Licensing Authority	1–3 days	Official license form
5. Control and Renewal	Monitoring during the license validity period, renewal.	Licensing Authority	During the period	Monitoring reports

The Importance of Licensing for Small Business. Licensing ensures that small business entities carry out their activities within the legal framework. When any economic activity is carried out on the basis of an official permit, the rights of the state and citizens are protected. This protects the business from illegal activity and guarantees the fulfillment of tax and other obligations. A license gives a business entity the opportunity to legally bring its services or products to the market.

Statistical Indicators of the Licensing Process in Uzbekistan. To assess the effectiveness of the ongoing reforms, it is essential to analyze the statistical data on licensing provided by the Agency for State Services under the Ministry of Justice of the Republic of Uzbekistan. The data indicates a positive trend in simplifying business conditions and integrating digital technologies.

Firstly, a significant reduction has been achieved in the number of activities subject to licensing. As a result of optimization policies, the number of licensed activities decreased from **76 types in 2017** to **34 types in 2023**. This **55%** reduction demonstrates a deliberate policy to minimize state interference in business operations.

Secondly, the digitization of the licensing process has yielded tangible results. Currently, **100%** of licensing procedures are available through the Single Portal of Interactive State Services (**my.gov.uz**). Statistics show that the average time required to obtain a license has been reduced from **30 calendar days to 10–15 working days**, and for certain simplified activities, the review period does not exceed 5 working days.

Furthermore, the volume of electronic licenses issued confirms the high demand for this service. For instance, in **2023** alone, more than **80,000** electronic licenses were issued to business entities through the automated information system. The percentage of refusals has stabilized at a relatively low level (**around 5-7%**), primarily due to the "**silent consent**" mechanism and clearer requirements, which allow entrepreneurs to prepare documents more accurately.

The presence of a license increases the reliability of the business. Investors, partners, and clients prefer to work with a licensed enterprise. This strengthens the reputation of the small business entity and creates opportunities for long-term cooperation. At the same time, the presence of a license confirms that the products or services provided by the enterprise comply with established standards.

Through the licensing process, state bodies control the compliance of the business entity's activity with safety and quality standards. This is especially important in the fields of food, pharmaceuticals, construction, transport, and services. Licensed subjects bring safe and quality products to the market, and consumer rights are protected.

Along with obtaining a license, small business entities are obliged to fulfill their financial obligations to the state. This ensures timely payment of taxes, submission of financial reports, and fulfillment of other legal obligations. At the

same time, licensing increases transparency in the economy and strengthens financial control.

Through the licensing process, subjects entering the market are required to meet certain standards and conditions. This regulates the market, develops healthy competition, and reduces the risk of monopolization. Thus, small business entities can successfully operate in competition and provide quality products and services to consumers.

A licensed enterprise appears as a reliable entity not only in the domestic market but also before international partners. This increases the opportunity to attract new investments and expand business. Additionally, the license allows the use of incentive mechanisms created by the state for business development, such as obtaining subsidies or loans.

Licensing creates a need for small business entities to conduct activities in a systematic and planned manner. Compliance with legal and technical requirements is monitored at every stage. This improves the enterprise's internal management system, regulates employee activities, and assists in strategic planning.

The significance of licensing for small business entities lies in the fact that it legalizes activities, ensures safety and quality control, develops competition, increases investor and client confidence, guarantees compliance with financial regulations, and expands business development opportunities. At the same time, the license helps subjects conduct their activities in a systematic and planned manner. Furthermore, licensing performs important tasks such as controlling the quality of services, protecting consumer rights, ensuring health and safety, and preventing illegal activities.

International Experience and Reforms. In many countries, the licensing process has been simplified and digitized. Germany has an online application and electronic license system for small business entities. South Korea has an accelerated licensing process with minimal bureaucratic barriers. These experiences can be applied to Uzbek practice, which will help develop entrepreneurship and simplify the licensing process.

In order to improve the business environment in Uzbekistan, licensing procedures are being simplified. Electronic application submission, online payments, and the ability to receive results remotely have been introduced. This reduces time and costs for small business entities.

Also, the types of activities subject to licensing are being optimized, and excessive permitting procedures are being canceled. This serves to increase economic activity.

Conclusion. The procedure for issuing licenses to small business and entrepreneurship entities is an important mechanism for state regulation of economic activity. The current legislation clearly defines the licensing process, the main purpose of which is to ensure safety and protect the interests of consumers.

As a result of reforms in recent years, the process of obtaining a license has been significantly simplified and digitized. In the future, further improvement of the licensing system, increasing transparency, and creating favorable conditions for business entities remain important tasks.

The findings highlight that the recent legislative reforms in the Republic of Uzbekistan, particularly the transition to digital platforms and the reduction of redundant administrative barriers, have significantly improved the business climate. The introduction of electronic licensing through the Single Portal of Interactive State Services has not only reduced time and financial costs for entrepreneurs but also minimized corruption risks by limiting direct contact between business and officials.

However, the study indicates that the licensing system requires continuous improvement. Future efforts should focus on further harmonizing national legislation with international standards, expanding the list of activities covered by notification procedures instead of strict licensing, and enhancing the digital infrastructure. Ultimately, creating a transparent, predictable, and efficient licensing environment is essential for stimulating entrepreneurial initiative, attracting foreign investment, and ensuring the sustainable socio-economic development of the state.

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