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Development and support of small business in Kazakhstan

In conditions of transformation economy of Kazakhstan small business plays a very important role both in the local economy and throughout the country, because actually the territorial specialization allowed him to complete small business “big” economy and form a relatively complete, integrated structure of the economy of regions, cities and rural areas. Small enterprises and, in General, small business occupied their niche in economic activities that most focused on regional and local needs.

The implementation of state programs and business development will set the stage of formation and development of SMEs in Kazakhstan and has made this trend irreversible. Their implementation influenced positively on the formation and development of the business sector in the country. A competitive market for goods and services was created and institutional arrangements for support and development of small business were identified.

Entrepreneurship in Kazakhstan is one of the priorities of the economic policy of the State, and the Government seeks to build the middle class and competitive dynamic business community.

Keywords: small and medium-sized businesses, Government support, women’s entrepreneurship.

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Развитие и поддержка малого бизнеса в Казахстане

В условиях трансформации экономики Казахстана малый бизнес играет весьма важную роль как в местной экономике, так и в масштабах всей страны, так как фактически сложившаяся территориальная специализация малого бизнеса позволила ему дополнить «большую» экономику и сформировать относительно целостную, комплексную структуру хозяйства областей, городов и сельских районов.

Малые предприятия и в целом малый бизнес заняли свою нишу в экономической деятельности, которая максимально ориентирована на региональные и местные потребности. В Казахстане развитие предпринимательства является одним из приоритетных направлений экономической политики государства, и Правительство стремится к формированию среднего класса и конкурентоспособного динамичного бизнес-сообщества. Особая роль принадлежит фонду «Даму». Который оказывает поддержку разным направлениям развития малого бизнеса, в том числе и женскому предпринимательству.

Ключевые слова: малый и средний бизнес, государственная поддержка, женское предпринимательство.

А. Биханова

Қазақстандағы шағын бизнестің дамуы мен қолдауы

Мақалада Қазақстанның экономикасының трансформациялары шағын кәсіпкерлікте маңызды рөл атқаратындығы қарастырылған.

Түйін сөздер: шағын және орта бизнес, мемлекеттік қолдау, әйел кәсіпкер.

From the first days of the newly independent Kazakhstan small and medium enterprises which is a proactive, independent carried his own name at its own risk on their financial responsibility activities of individuals aimed at making a profit play a very important role in the formation of its market economy.

The sector of small enterprise forms the most ex-

tensive network of the enterprises which operating generally in the local markets and have been directly connected with the mass consumer of goods and services. In the aggregate with small sizes of small enterprises, their technological, production and administrative flexibility, it allows to react to changing market condition sensitively and opportunely.

And the support and development of small and medium business legally recognized as a priority area of government economic policy. Under the present conditions of economic development small and medium business in the country

became popular and dynamically part of the business life.

According to the Statistics Agency of Kazakhstan Table 1 is made up which shows the key performance indicators for small and medium business in January 2013.

Table 1 - Basic indicators of the subjects of Small and Medium Enterprises in January 2013 (a percentage of the previous year)

	Number of active SMEs	Numbers of workers	Production (And services)
The Republic of Kazakhstan	90,5	102,0	100,3
Akmola	90,8	101,1	101,3
Aktobe	93,8	104,2	100,0
Almaty	91,0	103,0	100,3
Atyrau	95,0	102,9	100,1
West Kazakhstan	94,4	104,2	100,7
Zhambyl	91,4	102,2	100,4
Karaganda	91,4	102,9	100,6
Kostanay	91,3	100,8	100,8
Kyzylorda	95,5	104,0	100,7
Mangistau	96,2	103,6	100,2
South Kazakhstan	81,0	95,3	100,5
Pavlodar	91,3	104,2	101,1
North Kazakhstan	90,1	102,1	100,6
East Kazakhstan	91,2	100,4	100,2
Astana	95,9	104,0	100,3
Almaty	91,7	104,2	100,2

During the market reforms in Kazakhstan the business sector could take its prominent place in society. The main strategic goal was reached - the necessary conditions for development of small and medium enterprises were created by the state. Opportunity to engage in business becomes a real part of the constitutional rights of the citizens. I suggest to consider the following statistics to understand the structure, composition, quantity and status of small and medium business in Kazakhstan: in January 2013 compared to January of last year the output (at constant prices) increased by 0.3%, the number of employed - by 2.0%, and the number of active agents - decreased by 9.5%. According to the Statistics Agency of Kazakhstan Table 2 is made up which shows the key structure of the small and medium enterprises performance as a percentage of the corresponding date of the previous year.

The output of the small and medium enterprises for January 2013 is totaled 630.3 milliard tenge. In the total number of SME entrepreneurs share amounted to 69.1%, (peasant) farms – 21.6% of small business entities – 8.2%, medium-sized business entities – 1.1%.

According to international statistical agencies, women have created more than 25 percent of new small businesses. In France and the UK a quarter of all firms are headed by women. In Germany – it is third. In Japan the proportion is 23 percent, in the U.S. - 38. In Kazakhstan business women are not far behind but they really need the support.

Important in the development of small business is the study of the demographic situation in this aspect, let us consider the ratio of men and women engaged in business on the East Kazakhstan region (Table 3 is compiled by the Statistics Agency of RK)

Table 2 – Structure of the small and medium enterprises performance as a percentage of the corresponding date of the previous year (according to the Statistics Agency of RK)

Enterprise	Production, %	Number of employed,%	Number of active subjects,%
legal entities of small size enterprise	20,2	26,1	8,2
individual entrepreneurs	9,7	32,6	69,1
legal entities of medium size enterprise	69,0	27,5	1,1
peasant farms	1,1	13,8	21,6

Table 3 - Number of subjects in SMEs run by women

	The number of SMEs - total	including of			Number of subjects in SMEs run by women
		legal persons	self-employed	peasant farms	
	1	2	3	4	5
The Republic of Kazakhstan	1 225 790	229 145	796 569	200 076	501 791
Akmola	52 431	6 997	40 998	4 436	24 807
Aktobe	48 683	9 060	35 337	4 286	21 364
Almaty	127 622	10 967	63 175	53 480	47 147
Atyrau	44 862	7 170	35 970	1 722	17 927
West Kazakhstan	35 919	4 691	27 159	4 069	15 862
Zhambyl	55 853	5 521	33 976	16 356	22 452
Karaganda	84 316	15 686	61 861	6 769	39 179
Kostanay	65 304	7 934	51 038	6 332	31 739
Kyzylorda	34 206	4 625	27 074	2 507	14 449
Mangistau	39 990	7 868	30 917	1 205	16 982
South Kazakhstan	184 581	20 328	88 019	76 234	54 531
Pavlodar	47 966	8 919	35 189	3 858	21 898
North Kazakhstan	34 777	5 216	26 486	3 075	15 754
East Kazakhstan	107 494	12 973	78 835	15 686	49 211
Astana	85 198	28 664	56 520	14	35 940
Almaty	176 588	75 526	104 015	47	72 549

The data in Table 3 shows that almost half of the enterprises in Kazakhstan are headed by women entrepreneurs which are typical for this demographic situation. To improve the performance of these companies the program due to the placement of funds in commercial banks for future micro-credit for women entrepreneurs 2009-2015 is developed and approved by the Board of Directors of «Entrepreneurship Development Fund» Damu « Its purpose is to promote economic activity of women entrepreneurs through concessional lending projects of the existing and emerging subjects of women entrepreneurship. In the framework of the second-tier banks women engaged in business activities in the form of individual business without a legal entity or legal persons by women are financed with the share

of women participation in the share capital of not less than 50% and with the number of female employees at least 30% of the total number of workers.

The program is funded by «Damu» caused by placing funds in banks for future micro-finance of women's entrepreneurship. The key terms of credit SME under the Program:

- special use of funds - refinancing of existing loans, investments, working capital (• loan currency - tenge);
- annual effective rate for the final borrower - not more than 14.0% per annum;• credit period on loan:
 - working capital - up to 36 months• the acquisition and modernization of fixed assets - up to 60 months;
 - financing limit for a single borrower - to 8000 MCI (MCI - monthly index determined by the law

of the Republic of Kazakhstan «On republican budget» for the financial year);

- there is no restriction of sectoral focus of project financing;

- SMEs cannot get loans at the expense of programs in different banks and financial institutions at the same time;

- the borrower must begin the mastering the Loan Fund money within 2 months from the date of the Bank Loan Agreement / Agreement to open a credit line;

- other conditions set by the Bank-partner.

The Program prohibits:

- financing of SMEs with arrears of taxes and other obligatory payments to the budget over 10 MCI at the time of SME treatment to a partner-bank with the application for the loan.

- to loan SME to refinance existing loans SME where the source of funding is the State except for the SME project funded by the Foundation directly.

Terms of financing entities of female entrepreneurship in this program are designed to help women entrepreneurs to reduce the cost of credit and reduce its debt by refinancing their existing loans to increase lending by the fund. Subjects of female business are loaned on favorable conditions and without restrictions on the activities of borrowers. All sectors without limitation, individual entrepreneurs and their target group registered and operating in accordance with the laws of the RK are funded by. Loans are available to all interested women entrepreneurs including those in rural areas. The major

credit conditions are announced then the banks of the second level select projects according to national standards and procedures.

After disbursement the Fund «Damu» monitors loans for compliance with the terms of the program as well as their intended use. The effect of the program depends on the activity of the banks and women entrepreneurs themselves. Along with the positive trends some problems are observed and growth one of which is the fact that the development of our small business is mostly in the field of mediation and industries now that do not require significant capital investment - trade, catering, construction of civil projects, small-scale repair of equipment and machinery and agriculture.

Meanwhile such a strong market as the sphere of scientific and technological innovation and the information is not being developed. However in Kazakhstan a single list of permissions for small and medium businesses will be optimized and implemented in 2013 as well as install all types of procedures.

Also all authorization will be automated in two years. The implementation of state programs and business development will set the stage of formation and development of SMEs in Kazakhstan and has made this trend irreversible. Their implementation influenced positively on the formation and development of the business sector in the country. A competitive market for goods and services was created and institutional arrangements for support and development of small business were identified.

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