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Research Article

**LEGAL REGULATION AND STATE SUPPORT FOR SMALL  
BUSINESSES****AnatolyGrinev<sup>1</sup>, Oksana Takhumova<sup>1</sup>, Zhanna Gornostaeva<sup>2</sup>, Anna Kulikova<sup>2</sup>,  
Lydmila Spektor<sup>2</sup>.**<sup>1</sup>Kuban State Agrarian University named after I.T. Trubilina, Russia., <sup>2</sup>Institute of Service and Entrepreneurship (branch), Don State Technical Universityin Shakhty city, Shakhty, Russia.**Article Received:** December 2018    **Accepted:** February 2019    **Published:** March 2019**Abstract:**

*The article discusses the legal regulation of support for small and medium-sized businesses. The processes and conditions for the development of small and medium enterprises are described in detail on the basis of the formation of effective support mechanisms. Development of support will enhance the influence of small and medium-sized businesses on the socio-economic development of municipalities, will increase the involvement of young people in small businesses, which will be facilitated by the implementation of the state program of entrepreneurship development, attracting federal budget resources region in competitive activities to support entrepreneurship, as well as financial support small businesses through micro-financing system, the payment of the interest on loans, grants to budding entrepreneurs and the use of educational support measures.*

**Keywords:** *small and medium-sized enterprises, legal regulation, government support, subsidies.***Corresponding author:****Anatoly Grinev,**  
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**INTRODUCTION:**

Small and medium business is part of the economic system of Russia. The dynamic development of small and medium-sized businesses has a dominant influence on the formation of the middle class as the basis of political and social stability of civil society, is one of the most important factors in the growth of the gross regional product. According to the Ministry of Economic Development of the Russian Federation, 95% of commercial organizations in the Russian Federation are small or medium-sized businesses [6]. Not surprisingly, great attention is paid to its development by the state.

Small business is present in almost all sectors of the regional economy. All social groups are involved in the activities of small and medium enterprises. Its development has a direct impact on the general state of the regional economy, contributes to the saturation of the market with goods and services, the development of economically viable competition, the creation of new jobs and new industries, as well as the formation of the tax base. The development of small and medium-sized businesses is promoted by an active state policy to create favorable conditions for the development of entrepreneurial initiatives, both at the federal and regional levels [7, 8].

Stable socio-economic development should be ensured by the sustainable development of small and medium-sized businesses in the region. The development of entrepreneurship is gradually forming the so-called "middle class", independently providing well-being and a decent standard of living for citizens. In Russia, the number of small enterprises and the workers employed in them is increasing annually, and the volumes of production, work and services are growing.

According to Andrei Shubin, executive director of the public organization OPORA RUSSIA, "The key task of the regional authorities is to implement the federal policy on supporting small and medium-sized businesses at the level of the constituent entities of the Russian Federation and municipalities. Regional and local authorities should be interested in the development of small and medium-sized businesses, in the implementation of measures laid down at the federal level"[7].

On the basis of the Federal Law of July 24, 2007 No. 209-FZ "On the Development of Small and Medium-Sized Businesses in the Russian Federation", the Decree of the Legislative Assembly of the Krasnodar Region of April 23, 2009 N 1298 passed the Law of

04.05.2009 N 543-O3 the development of small and medium-sized businesses in the Krasnodar Region [2, 5, 6].

In accordance with these laws, the authorities of the Krasnodar Region in the development of small and medium-sized businesses in the Krasnodar Region include:

- 1) participation in the implementation of state policy in the field of small and medium-sized business development;
  - 2) cooperation with international organizations and administrative-territorial entities of foreign countries on the development of small and medium-sized businesses;
  - 3) the formation of coordinating or advisory bodies in the field of the development of small and medium enterprises;
  - 4) determining, in accordance with the legislation of the executive authorities of the Krasnodar Region, authorized to provide support measures for small and medium-sized businesses and organizations that form the infrastructure for supporting small and medium-sized businesses, as provided for by the Federal Law;
  - 5) approval of the list of types of craft activities in order to provide state support to small and medium-sized businesses and organizations that form the infrastructure to support small and medium-sized businesses;
  - 6) determination of socially significant types of activities carried out by small and medium-sized businesses of entrepreneurship and organizations that form the infrastructure to support small and medium-sized businesses;
  - 7) the definition of socially significant activities carried out by small and medium-sized businesses.
- The authorized body is the executive authority of Krasnodar Region, which ensures the implementation of state policy in the development of small and medium-sized businesses. The competence of the Authorized body includes:

- 1) the development and implementation of regional and inter-municipal development programs for small and medium-sized businesses, taking into account national and regional socio-economic, environmental, cultural and other features;
- 2) assistance to the activities of non-profit organizations expressing the interests of small and medium-sized businesses, and structural divisions of these organizations;
- 3) financing of research and development work on the development of small and medium-sized businesses at the expense of the budget of the Krasnodar Region;
- 4) facilitating the development of interregional cooperation of small and medium-sized businesses;

- 5) promotion and promotion of business activities at the expense of the budget of the Krasnodar region;
- 6) support of municipal development programs for small and medium-sized businesses;
- 7) analysis of financial, economic, social and other indicators of the development of small and medium enterprises and the effectiveness of the use of measures for its development, the forecast of the development of small and medium enterprises in the Krasnodar Region;
- 8) the formation of the infrastructure to support small and medium-sized businesses in the Krasnodar region and the provision of its activities;
- 9) methodological support of local governments and assisting them in the development and implementation of measures for the development of small and medium-sized businesses in the territories of municipalities;
- 10) maintaining a register of small and medium-sized businesses - recipients of support;
- 11) development of a list of types of craft activities in order to provide state support to small and medium-sized businesses and organizations that form the infrastructure to support small and medium-sized businesses [2].

By order of the Ministry of Information Society and Innovation Development of Krasnodar Region of January 20, 2011 No. 16-od (ed. Of August 6, 2013), the Departmental Target Program "Development of Small and Medium-Sized Business in the Krasnodar Region" was approved [5].

The purpose of this Program is to create conditions for the development of small and medium-sized businesses in the Krasnodar Region on the basis of the formation of effective mechanisms for its support, increasing the contribution of small and medium-sized businesses to solving social and economic problems of the region.

To achieve this goal provides for the following tasks:

1. Stimulation of investment activities of small and medium enterprises in the real sector of the economy through the development of a system of financial support. This is in the provision of subsidies to small and medium-sized businesses for reimbursement of expenses related to the payment of interest on the use of loans attracted from Russian credit institutions for the development of equipment leasing; to compensate for the costs associated with technological connection to electric grid facilities with a capacity of 16 to 500 kW; to support export-oriented small and medium enterprises; on the development of a microfinance system; to create your own business; participation in exhibitions, fairs. The Government of the Krasnodar Region has today adopted the following resolutions on

subsidies: Decisions N 68 of February 14, 2011 (as amended on February 20, 2013); No. 108 dated 02/17/2014 (ed. 09.06.2015 No. 302); No. 109 dated 02/17/2014 (ed. 09.06.2015 No. 303); No. 110 dated 02/17/2014 (ed. 09.06.2015 No. 304); No. 253 dated 02/18/2014 (ed. No. 087 dated August 3, 2015); No. 302 of May 15, 2014 (ed. No. 087 of August 10, 2015).  
2. Stimulation of municipalities of the Krasnodar Region to implement measures to support and develop small and medium-sized businesses in the municipalities of the region. Financing of activities carried out in the framework of the provision of state support for small and medium-sized businesses by municipalities of the region will contribute to the development of the entrepreneurial community of advanced forms of business development, raising the managerial level of enterprise management.

3. Providing information, consulting and personnel support to small and medium-sized businesses. This includes the organization and holding of regional forums, seminars, conferences, round tables, contests, exhibitions, business meetings, trade fairs; the use of educational support measures aimed at facilitating the access of entrepreneurs to retraining services; the publication of information and reference, methodological and presentation materials on the development of small business in the Krasnodar Region.

In 2017, 148 million rubles were allocated to the implementation of the business support program (of which: 70 million rubles from the regional budget and 78 million rubles from the federal budget). Entrepreneurial activity is stimulated by a whole system of state support measures. In the framework of the Program, in 2017, subsidies were provided for reimbursement of expenses related to:

- payment of interest for the use of loans in Russian credit institutions, - 17 small and medium-sized businesses;
- on the development of equipment leasing, - 26 subjects of small and medium-sized businesses;
- participation in exhibitions, fairs, - 9 subjects of small and medium enterprises;
- subsidies to infrastructure organizations supporting small and medium-sized businesses for the provision of services to small and medium-sized businesses - 4 infrastructure organizations;
- production and sale of goods (works, services) intended for export - 7 small and medium-sized businesses;
- technological connection to the electric grid facilities, - 4 subjects of small and medium-sized businesses;

- acquisition of production equipment, - 21 small and medium-sized businesses;
- training of its employees, - 9 enterprises;
- support for export-oriented small and medium enterprises, - 20.

Agreements on subsidies for state support were concluded with 120 small and medium-sized businesses. 389 new jobs were created, including 25 from the number of unemployed citizens. 4,2 thousand jobs were saved. Tax revenues at all levels of the budget from recipients of support in 2016 increased by 15.8% compared with 2015. In 2017, 273 small and medium-sized businesses received state support in the form of subsidies, including 81 in the framework of municipal support programs; 4.1 thousand jobs were saved, more than 360 jobs were created. Tax revenues to all levels of the budget from recipients of support in 2017 increased by 14 percent compared to 2016. A significant measure of state support is to encourage municipalities to implement measures to support and develop small and medium-sized businesses in municipalities of the region. This contributes to the adoption by municipalities of decisions on the accumulation of their own resources to ensure the activities of municipal programs and, importantly, to solve their own problems of development of the region's districts by attracting the business community at the local level. The following was allocated from the regional budget: in 2015 - 10 million rubles (received support from 11 municipalities); in 2016 - 12 million rubles (received support 15 MO). To solve the problem of accessibility of entrepreneurs to borrowed funds in order to develop production, the State Fund for the Support of Entrepreneurship of the Krasnodar Region operates, providing loans to entrepreneurs at a preferential rate. On its basis, a guarantee fund has been created, the main purpose of which is to provide surety services in attracting bank loans by entrepreneurs under conditions of insufficient own collateral. The volume of the guarantee fund today is more than 243.1 million rubles. During the period of the fund's operation, 69 entrepreneurs received a guarantee in the amount of 253.1 million rubles. In 2016, co-financing attracted 37.5 million rubles from the federal budget for the development of the microfinance system. In 2016, the State Fund for the Support of Entrepreneurship of Krasnodar Region provided microloans to 56 entrepreneurs. At the end of 2017, the State Fund concluded 77 contracts for the provision of microloans (up to 1.0 million rubles) in the amount of 60.7 million rubles with small and medium-sized businesses. For the period from 2015 to 2017, the guarantee fund concluded 92 contracts of guarantee with small and medium-sized businesses in

the amount of 401.8 million rubles, which made it possible to attract 875.6 million rubles of credit resources to the regional economy [5].

The Government of Krasnodar Region by its Resolution of December 31, 2013 N 755 (ed. Of February 15, 2016) approved the state program of the Krasnodar Region on "Development of Entrepreneurship and Innovation in the Krasnodar Region" [3].

objects of small and medium enterprises and increase of innovative activity of regional business. The main objectives of the state program for the development of entrepreneurship in the Krasnodar Region are: the creation of favorable conditions for the development of small and medium-sized businesses; increase of innovative activity of regional business. Achieving the objectives of the state program will be accomplished by solving the following tasks:

- 1) increasing entrepreneurial activity and developing small and medium-sized businesses;
- 2) development of innovation support mechanisms.

The main outcomes of the state program for 2020 are projected to be:

in quantitative terms:

- an increase in the number of small and medium-sized businesses per 1 thousand people of the population of the Krasnodar Region from 37.4 units. in 2017 to 42.5 units in 2020;

- the number of new jobs created (including newly registered individual entrepreneurs) by small and medium-sized businesses that received state support during the years of the program implementation - 2.71 thousand units;

- the share of the average number of employees (without external part-timers) employed in micro, small and medium enterprises and individual entrepreneurs in the total number of the employed population from 25.5% in 2012 to 28.7% in 2020; in qualitative terms:

- improvement of business conditions in the Krasnodar Region;

- reduction of administrative barriers in the implementation of business activities;

- facilitating the modernization of the production base of small and medium-sized businesses of Krasnodar Region.

The Ministry of Industry and Small Business of the Krasnodar Region within the framework of the state program provides methodological support and coordination of activities aimed at state support of small and medium-sized enterprises, including innovation, entrepreneurship, facilitating the implementation of effective mechanisms to stimulate

innovation. The main regulatory legal acts governing these spheres of activity are:

- Resolution of the Government of the Russian Federation of April 15, 2014 No. 316 (as amended on December 26, 2015) "On the approval of the state program of the Russian Federation" Economic development and innovative economy";
- Decree of the Government of the Krasnodar Region of June 29, 2009 No. 250 (ed. Of February 12, 2016) "On the Strategy for the Socio-Economic Development of Krasnodar Region until 2030";
- Resolution of the Government of the Krasnodar Region of March 25, 2013 No. 150 (ed. 04.07.2014) "On the investment strategy of the Krasnodar Region until 2020".

The implementation of targeted programs for the development and support of small and medium-sized businesses allows you to create a comprehensive and successive system of financial, property, personnel, information and consulting support for business entities in the Krasnodar Region.

In 2018, an increase in all indicators of the performance of small enterprises is observed, which is associated with the implementation of investment projects and the modernization of production processes. The production index in terms of "turnover of small enterprises" at the end of 2014 amounted to 108%; the turnover of small enterprises is estimated at 200.1 billion rubles. In the structure of turnover of small enterprises, the share of own-produced products shipped amounted to 89.1 billion rubles (45.2%), including industrial enterprises shipped products for 37.7 billion rubles, construction companies - for 21 billion rubles. In terms of territories, the share of enterprises operating in the cities of Krasnodar and Obninsk accounts for 70% of the total turnover, while the share of small enterprises in Borovsk, Dzerzhinsky, Zhukovsky, Kirov, Kozelsky, Maloyaroslavetsky and Lyudinovsky districts is 22%. In 2015, the production index for the "turnover of small enterprises" was 106.1%; growth in small business to the level of the previous year is 3.6%. The growth is connected with the release of previously created enterprises to the project level of production, the opening of new enterprises. By 2018, the turnover of small enterprises will reach 249.3 billion rubles, which is 1.4 times more than in 2014 in prices of the corresponding years [4].

### CONCLUSION:

From the above, it can be summarized that the development of support will enhance the influence of small and medium-sized businesses on the socio-economic development of municipalities, will increase

the involvement of young people in small businesses, which will be facilitated by the implementation of the state program of entrepreneurship development, attracting federal budget resources region in competitive activities to support entrepreneurship, as well as financial support small businesses through micro-financing system, the payment of the interest on loans, grants to budding entrepreneurs and the use of educational support measures.

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