



Journal Website:  
<https://theamericanjournals.com/index.php/tajpslc>

Copyright: Original content from this work may be used under the terms of the creative commons attributes 4.0 licence.

## Research Article

# THE MINIMAL INTERFERENCE OF THE STATE IN THE BUSINESS ACTIVITY - AN IMPORTANT PRINCIPLE OF BUSINESS ACTIVITY

Submission Date: June 20, 2023, Accepted Date: June 25, 2023,

Published Date: June 30, 2023 |

Crossref doi: <https://doi.org/10.37547/tajpslc/Volume05Issue06-15>

Nuriddin Murotov

Chairman Of The Sariosiyo Inter-District Economic Court Independent Researcher Of The Supreme School Of Judges, Uzbekistan

## ABSTRACT

The article discusses the necessity of minimal state interference and regulation in entrepreneurship to foster its growth. It highlights how modern nations have achieved remarkable outcomes by promoting an environment where governmental intrusion is minimal, and freedom of activity is upheld. The paper examines the current legal framework in the Republic of Uzbekistan, pointing out that some norms contradict the principle of limited state participation. It advocates for improvements by restricting the establishment of state enterprises, promoting privatization, and focusing on private property. To enforce the principle of limited state involvement, necessary adjustments are proposed for both existing and forthcoming legislation.

## KEYWORDS

Entrepreneurship, State interference, Regulation, Legal framework, Private property.

## INTRODUCTION

In any field, the existence or persistence of excessive regulation, bureaucracy, and obstacles will ultimately have a negative effect on the development of that field, so it is recommended that they be kept to a minimum.

In this regard, the business community also agrees to allow limited and legal interference in this field.

Excessive procedures (interference, control) are not supported by the business community.

First of all, since entrepreneurship can only flourish in a legal environment, where government intrusion is minimal and the right to freedom of activity is protected. Additionally, there must not be an

overabundance of legal requirements and procedures specific to the industry.

These statements are supported by the excellent outcomes that modern nations have attained and continue to achieve in the areas of entrepreneurship and legislation.

First of all, entrepreneurship begins with the application of business entities to organize their activities, and their activities are organized based on the procedures established by the state.

The formation of the legal framework for the state's involvement in business activities occurs concurrently with the beginning of the legal relationship between business entities and the state.

According to Article 24 of the Civil Code of the Republic of Uzbekistan, a citizen has the right to engage in entrepreneurial activity from the moment of state registration as an individual entrepreneur. The rules of this Code shall apply to the entrepreneurial activity of citizens carried out without forming a legal entity, unless otherwise follows from the legislation or the essence of the legal relationship.

According to Article 41 of this Code, a legal entity has civil legal capacity in accordance with the objectives of its activities, provided for in its constituent documents. The legal capacity of a legal entity arises at the moment of its creation and terminates at the moment of completion of its liquidation. According to Article 44 of the Code, a legal entity is considered established from the moment of its state registration.

So, in our republic, the interaction of the state with business entities is regulated by the following: the Constitution of the Republic of Uzbekistan, the Civil Code of the Republic of Uzbekistan, the Tax Code of the Republic of Uzbekistan, Laws of the Republic of

Uzbekistan “On state control of the activities of business entities”, “On guarantees of freedom of entrepreneurial activity”, “On insolvency”. In addition, it is regulated by a number of laws and other legal documents, which determine the procedures that arise in its activity, starting from the registration of business entities, as well as regulating the legal relations that arise in the process of liquidation of the business entity.

You will not find a legal foundation that significantly restricts this field's activities if you look at advanced international experience in this regard. Contrarily, it is not industry regulation that is important, but rather the extension of rights related to industry activity. The fewer regulatory acts, the more rights there is.

In other words, statutes and other legal texts like “On state control of business entities” are uncommon in nations that have made significant advancements in the fields of private property and entrepreneurship.

In most countries where entrepreneurship is developed and, as a result, the economy is highly developed, the main tool connecting the state and business entities is the tax payment. In such countries, there is a principle of abandoning the legal framework that leads to interference in the activities of business entities in one way or another. The basis of the legal space and conditions in this regard is the principle that “freedom of activity of business entities is the basis of the economic development of the state”.

In the basis of our existing national legislation, the freedom of the subjects of business activity, the priority of their rights and interests, and the guarantees of excessive interference of the state and state bodies in their activities have been strengthened.

However, some norms set at the same time do not fully correspond to the principle of limited participation of the state in business activities.

In particular, certain powers of state administration bodies and local state authorities in the field of business support specified in the Law of the Republic of Uzbekistan "On state control of the activities of business Entities" and the Law of the Republic of Uzbekistan "On guarantees of freedom of entrepreneurial activity",

as well as the repetition of the legal relations regarding rent and property regulated by the Civil Code of the Republic of Uzbekistan (conceptually it has priority in this regard) in the laws of the Republic of Uzbekistan "About rent" and "On property in the Republic of Uzbekistan", which has not been canceled until today, means not ensuring limited participation of the state in business activities, but manifesting itself in the form of over-regulation. This is one of the important principles of business activity and it does not comply with the principle of limited participation of the state in business activity.

The development of entrepreneurship is undoubtedly hampered by circumstances that go against its guiding principles, which might lead to the activity slowing down or the industry centring around a single axis.

On this basis, it is appropriate for the state to engage in commercial operations only to the extent permitted by law and to maintain a staunch opposition to the development of standards intended to overregulate the industry.

What is more, in order to develop entrepreneurship and competition and reduce the state's share in the business sector, the state can make some improvements by restricting the establishment of state

enterprises in the field of entrepreneurship and legal entities with a state share (in the charter fund), promoting privatization and putting consistent, systematic focus on private property. Thus, certain institutions of restriction must be applied for business entities when they interact with state bodies, including law enforcement and control bodies.

For this purpose, in order to fully reflect the principle of limited participation of the state in business activity (which is an important principle of business activity) in laws and practice, the above-mentioned principle should be taken into account in the process of making amendments to the applicable legislation in this field, as well as the law making procedure of newly developed norms in this regard. In addition, the practitioners and law enforcement bodies in this field shall be required to follow the conceptual basis of this principle without deviation.

## REFERENCES

1. Decree No. PD-60 of the President of the Republic of Uzbekistan dated January 28, 2022 "On the Development Strategy of New Uzbekistan for 2022-2026" // <https://lex.uz/docs/5841063>
2. Resolution No. 23 of the Cabinet of Ministers of the Republic of Uzbekistan dated January 18, 2021 "On approval of the concept of development of state policy on youth in Uzbekistan until 2025" // <https://lex.uz/docs/5234746>
3. The Law of the Republic of Uzbekistan "On the policy of youth welfare". // <https://lex.uz/docs/3026246>