

## **Priority areas for improving state policy to support small and medium-sized businesses in the Russian Federation**

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**Abstract.** *This article examines the application in the Russian Federation of specific mechanisms and instruments to support small and medium-sized businesses, which had a positive impact on the development of the USA economy, but taking into account the specifics of the economic, political and social spheres in Russia.*

**Keywords:** *small and medium business, government support, support program, economy, entrepreneurs, Russian Federation, USA*

The development of the small and medium-sized enterprises (SME) sector is considered one of the important for socio-economic transformations not only in Russia, but also in other countries, since it is this area that has a tremendous impact on the development of the country as a whole (unemployment, social tensions in the country, introduction of innovations and many other problems are solved mainly with the help of small and medium-sized businesses).

However, despite this, Russian entrepreneurs continue to face many obstacles in various areas (legislation, taxation, obtaining loans, as well as administrative barriers), which complicates the development of small and medium-sized businesses. That is why it is necessary to modernize the existing government support (introduce new government measures that will be aimed at the development of small and medium-sized businesses, as well as determine the impact of existing measures), applying the positive experience of the USA.

State support for small and medium-sized businesses in Russia and the USA boils down to the following areas:

1) Grants. This is a certain amount of money received by a businessman whose organization is under 2 years old. It is issued on the basis of an approved business plan to cover the costs of its implementation.

The maximum amount in the Russian Federation is 300,000 rubles. In this case, it is important to fulfill one condition. The entrepreneur himself contributes 30-50% of the total project amount to the general budget, which is documented. The amount of the initial payment depends on the region of residence and business registration.

In the USA, the size of the grant depends on the organization, state, or other body that forms it as an incentive for a developing business.

2) Subsidy. If you need to grow your business on a large scale, you can apply for this kind of irrevocable help already with a decent period of activity. In this case, for the purchase of fixed assets, an amount is issued that covers from 50% to 90% of their value. The maximum amount of such funds can be 10 million rubles.

Self-Employment Benefit. If you start your journey with the status of an official unemployed, then a verified, confirmed business plan can bring you 58,800 rubles. This amount is calculated based on the amount of the annual unemployment benefit. By the way, if you hire people like you in your business, you can apply for this benefit again.

3) Partial payment. By purchasing equipment or machinery under the contractual obligations of the bank, you can pay off part of the interest on the state program. This is approximately 2.75 - 5.5% of their total. When collecting documents on monthly payments of contributions, upon presentation, an estimated refund is issued.

4) Repayment of 2/3 of the planned exhibition costs. If you grow your business by participating in special events, you can count on support.

5) Agricultural organization. The development of this industry in Russia gives start-up entrepreneurs the right to cover the costs of purchasing grain, livestock, seeds.

In the USA, there is a corresponding policy of financial institutions aimed at lowering interest rates on lending to banks.

Based on the foregoing, we can conclude that support for small and medium-sized businesses in Russia and the USA has basically different approaches, which consist of the fact that in the USA state support is of a complex nature, the nature of "institutions", and in Russia it is individual, according to type of isolated cases.

But despite this, in the USA there are a large number of measures aimed at supporting small and medium-sized businesses that should be applied in Russia. So, for example, due to the federal structure of the USA, on the territory of each specific state, the business support program is carried out in different ways and it is such an experience, taking into account regional characteristics, would be very significant for the entire business support system in Russia.

There are no known small business loans or grants in Idaho, Nevada, West Virginia, and Wyoming. Only 26 states have (or have had) a statewide small business loan, and only 17 states

are implementing a grant-based government business support scheme. While all states have received some federal funding in the form of loans, some have received much more support than others. For example, 25.71 percent of small businesses received a loan in North Dakota, while only 12.19 percent received a loan in Maryland. The highest percentage of small businesses that received loans within the same state was 1.18 percent in Hawaii. The lowest was 0.56 percent in West Virginia. Small businesses in California are offered two government loans. The California Disaster Relief Loan Guarantee Program was \$ 50 million and guaranteed up to 95% of the loan for up to 7 years. The California Capital Access Program is run by the California Pollution Finance Agency and is aimed at small businesses that find it difficult to get funding. There are also 30 other loans available in California cities and counties. Companies were also given an extension to filing their first quarter returns (extended through July 31, 2020) and access to sales and use tax incentive plans for small businesses.

Also, it is necessary to implement a program to encourage small businesses that create jobs in unused business areas or areas with low business activity, in the USA this program is called HUBZone business. On the basis of the program, small enterprises located in such zones are provided with preferences when accessing federal orders, which allows them to function and develop, attracting residents and creating jobs for them, which results in the overall development of territories and an increase in the level of well-being of the population.<sup>1</sup>

It must be implemented in poorly urbanized areas and rural settlements, in agricultural regions, as well as in federal districts, where there is a decrease in the growth of the number of small and medium-sized enterprises, such as the North Caucasus Federal District, the Far Eastern Federal District, the Ural Federal District, etc. This program should be combined with a regional business support system. It is this interaction that will be most effective than if these measures are applied separately.

Another program to be implemented in Russia is a program to support small and medium-sized enterprises owned by young people who are citizens of the Russian Federation. This is a large segment of the population that is able to generate new innovative ideas, is ready to implement them, but does not have financial capabilities for this, therefore, the state needs to pay attention and apply a number of measures aimed at supporting them.

USA has a program 7a "Loan Guarantee Program", which can be applied in Russia. First, assistance is provided by commercial banks and lending institutions acting as an intermediary. Typically, this type of support is provided to new businesses in the market, as they lack the necessary characteristics in order to obtain borrowed funds. This program reduces risks for banks

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<sup>1</sup> Musabirova D.A., Yushchenko N.A. Measures taken to support small business in accordance with the legislation on the contract system of the RF and the USA // Issues of Economics and Law. 2018. №115. P.7-10.

and other credit organizations, since the state assumes long-term obligations and spends significant funds. So, within the framework of the program, up to 85% of the total cost of the loan is guaranteed if it is less than 150 thousand dollars. For larger loans, the guarantee percentage is reduced to 75%, but this significantly affects the decision of banks. As for the warranty periods under this program, they vary significantly, but there are certain limits for fixed capital and for working capital. For working capital, the maximum guarantee period is 10 years, for the fixed capital of companies - 25 years. This is due to the reduced risk for the fixed capital of organizations.

It is important to introduce the practice, which is being carried out in the USA, related to assessing the impact of not only new laws, but also existing ones, which are aimed at supporting small and medium-sized businesses. Since existing laws may contradict new ones, as well as how long it takes to begin to have a negative impact on the development of entrepreneurship in the Russian Federation.

Also, taking into account Russian realities, various state corporations that have close relations with political elites and budget funds could provide important support to small and medium-sized businesses.

In addition, it is worth noting that in Russia there are practically no non-profit funds for supporting entrepreneurship, there are no various investment clubs, within the framework of which they could support small and medium-sized businesses.

Thus, based on the study, we can say that the USA's experience in supporting small and medium-sized businesses should be applied in the Russian Federation, but at the same time it is necessary to take into account the specifics of our country. All of the above measures can improve the state of state support, as well as ensure the development of the Russian economy.

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