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# ANALYSIS OF THE ECONOMIC SITUATION OF SMALL AND MEDIUM-SIZED BUSINESSES DURING THE PANDEMIC

In the economies of the leading capitalist countries, great attention is paid to the development of the structure of small and medium-sized businesses, as these enterprises ensure the creation of new productive forces that do not require capital investments, and at the same time help solve the problem of unemployment. The advantage of small and medium-sized enterprises is the ability to produce competitive products with a small number of financial instruments.

But during the current corona crisis, small and medium-sized enterprises in the world and in the country are in need of state support. The number of small and medium-sized businesses in the country is shown in table 1.

Table 1. Number of registered small and medium-sized businesses as of January 1, 2020

	Number of small and medium-sized businesses-total	including			Number of small and medium-sized businesses headed by women-total	including		
		legal entities	individual entrepreneurs	peasant (farm) farms		legal entities	individual entrepreneurs	peasant (farm) farms
	1	2	3	4	5	6	7	8
Republic of Kazakhstan	1 603 839	385 998	996 550	221 291	677 390	102 871	519 820	54 699
Akmola	54 417	10 584	37 786	6 047	23 873	2 434	20 014	1 425
Aktobe	68 627	15 358	46 368	6 901	30 206	3 545	25 057	1 604
Almaty	143 545	17 916	76 892	48 737	59 013	4 654	40 965	13 394
Atyrau	57 623	10 885	43 864	2 874	26 088	2 859	22 554	675
West Kazakhstan	50 624	8 573	34 250	7 801	22 599	1 994	18 780	1 825
Zhambyl	84 746	9 527	56 449	18 770	33 146	2 285	26 328	4 533
Karaganda	103 046	25 642	66 586	10 818	47 047	6 548	37 906	2 593
Kostanay	61 387	11 016	43 972	6 399	27 772	2 732	23 371	1 669
Kyzylord	52 427	7 729	35 986	8 712	23 677	2 009	19 313	2 355
Mangystau	61 102	13 739	44 854	2 509	27 059	3 587	22 855	617
Pavlodar	53 033	13 387	36 118	3 528	23 294	3 475	19 192	627
North Kazakhstan	35 260	7 565	22 849	4 846	14 459	1 484	11 737	1 238
Turkestan	148 514	11 252	65 885	71 377	47 761	2 718	28 298	16 745
East Kazakhstan Region	104 814	16 706	70 776	17 332	47 758	4 194	39 679	3 885
Nur-Sultan City	167 183	68 483	98 364	336	71 496	19 695	51 696	105
Almaty City	277 470	116 704	159 694	1 072	117 038	33 394	83 237	407
Shymkent City	80 021	20 932	55 857	3 232	35 104	5 264	28 838	1 002

\* Source: National Bureau of statistics of the agency of the Republic of Kazakhstan for Strategic Planning and reform.

As of January 1, 2020, the number of registered small and medium – sized businesses in the country is 1,603,839, including 385,998 legal entities, 996,550 individual entrepreneurs, and 221,291 peasant farms. As you know, the number of

SMEs headed by women is 677,390, including legal entities – 102,871, individual entrepreneurs – 519,820, peasant farms – 54,699.

However, the COVID-19 pandemic has led to the collapse of the country's economy and the closure of 30% of small and medium-sized businesses.

In addition, since the beginning of 2020, many small and medium-sized businesses in the country have fallen into a crisis period due to quarantine measures. Also, prices for basic goods on the stock exchange have fallen. The country's GDP fell by 0.2%.

At the same time, the production of goods increased by 5.8%. And the indicators of the service sector decreased by 4%. The growth of investments in fixed assets in real terms amounted to 0.9%. Also, the Minister of national economy R. Dalenov recalled that in 2019, GDP growth was 4.5%, inflation was 5.4%, and incomes of the population in real terms were 6.5%. The unemployment rate was 4.8% [1].

The low level of official unemployment in the country can be explained by the large number of self-employed citizens in the country. According to the latest data, the number of citizens belonging to this category has reached 2 million.

Since the quarantine was declared in the country, the number of self-employed citizens has increased significantly. 8 million 29 thousand people applied for social benefits in the amount of 42,500 tenge allocated by the state. This means that 87% of the economically active population of the country, which is 9 million 200 thousand people, is forced to receive assistance from the state.

The devastating consequences of the pandemic have left hundreds of millions of people working in the informal sector of the economy and businesses without income. The first and most serious blow is taken by informal or self-employed citizens.

According to the International Labor Organization, the total number of people in the world is 1.6 billion people, which is about half of the world's labor force. At the same time, more than 436 million enterprises in the world are on the verge of bankruptcy. Among them are:

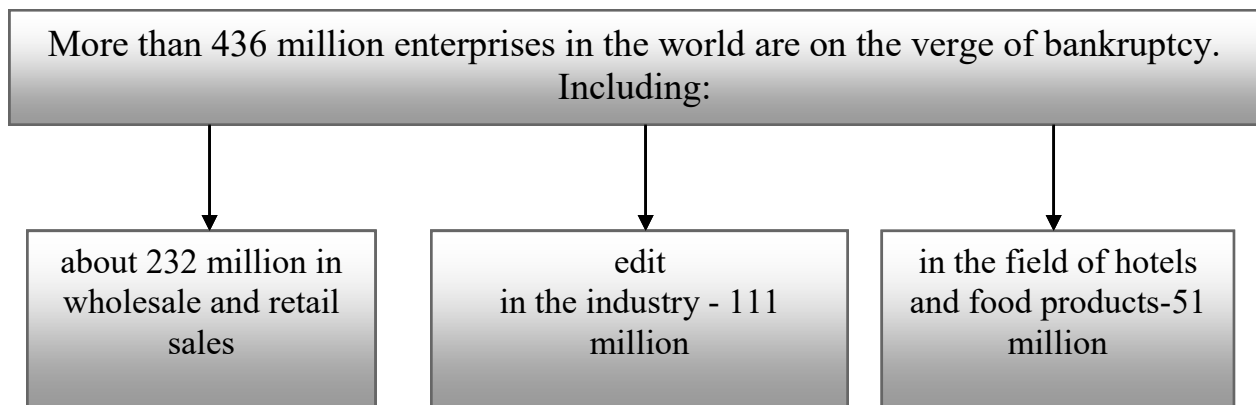


Figure 2. Number of enterprises in the world at risk of bankruptcy

"I don't know," he said. According to the latest data from the International Labour Organization (ILO), half of the world's workers are deprived of their daily income. Now the question is, how will we get out of this crisis?

We believe that in order to get out of this crisis, it is necessary to provide unprecedented support to small and medium-sized businesses from the state. Also, Kazakh entrepreneurs need additional support in terms of reducing the tax burden. This is especially important in terms of maintaining employment and paying wages. Therefore, deductions and taxes from the payroll fund for the most affected sectors of the economy, including small and medium-sized businesses, were excluded for 6 months.

We know that in the current conditions, the Government of the Republic of Kazakhstan, on behalf of the head of state, is taking urgent measures to support SMEs. Such new initiatives provide for increasing business access to financing, implementing additional tax incentives, and restricting business from inspections. In accordance with the decree of the head of state "on further measures to stabilize the economy", tax incentives were adopted to support business. They cover various sectors of the economy, from trade to tourism.

#### References:

1. Address of the head of state K. Zh. Tokayev to the people of Kazakhstan. "Kazakhstan in a new situation: a stage of action", 01.09.2020 <https://www.akorda.kz>
2. Supporting small businesses during the COVID-19 pandemic. <https://www.un.org/ru>