

The Main Directions Of Economic Development In Georgia

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რეზიუმე

მცირე ქვეყნისთვის, განსაკუთრებით კი საქართველოსთვის, ძალზე მტკივნეულია საკუთარი და გლობალური პრობლემების შეხამება. საქართველოს ეკონომიკური განვითარება ორიენტირებულია მსოფლიო ეკონომიკაში ინტეგრაციის გაღრმავებაზე. ამ მიზნით ხორციელდება ეკონომიკის ლიბერალიზაცია და ბიზნესის ხელშეწყობი გარემოს ჩამოყალიბება, რაც პირდაპირ ზემოქმედებს კონკურენციის განვითარებასა და ურთიერთდაკავშირებული საწარმოო ქსელის განვითარების პროცესზე. საქართველოს ეკონომიკის სტრუქტურული გარდაქმნის განხორციელება და რეფორმების სოციალური ბაზის ჩამოყალიბების განხორციელების უზრუნველყოფა შესაძლებელია მცირე ბიზნესის განვითარების ბაზაზე. ბიზნესის დაჩქარებულ განვითარებას უდიდესი წვლილის შეტანა შეუძლია ახალი სამუშაო ძალების შექმნაში, მონოპოლიზმის განეიტრალებაში, სოციალური პრობლემების გადაწყვეტაში. უნდა შემუშავდეს და დაიხვეწოს ეკონომიკური პოლიტიკის ახალი კონცეფცია განვითარების კომპლექსური სტრატეგიის სახით. იგი გულისხმობს ეკონომიკის სტრუქტურულ-განვითარებას წარმოების, მართვის, ინსტიტუციური სტრუქტურების ჩათვლით, დარგობრივი ტექნოლოგიური, საკუთრებითი ურთიერთობების სრულყოფას, კერძო სექტორებისათვის ხელშეწყობას, ქალაქებისა და სოფლების დაბალანსებულ, ინტეგრირებულ განვითარებას.

Keywords: National Economic; Economic development; Small Business; Structural Development; Economic Policy; Economic Liberalization.

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For small country, especially for Georgia, it's extremely sensitive to combine own and global problems. Georgia only recently joined the world market, the world's economic, social, political and cultural space. but this turn revealed one-sided as Georgia imports more things than exports. And this situation suppresses national economy. The economic development of Georgia today's stage is oriented for deepening integration in world's economic. This purpose is for the liberalization of the economy and business environment. Which directly impacts for development of competition and interconnected enterprise network. As

empirical observations tells us, business units don't have problems to join market in Georgia. Despite this, shares in small and medium business, in the process of total creation of value is insignificant yet for many reasons what restricts business, which can't be promoted and restricted development for service and production.

Beside above mentioned it's necessary to tell, that in Georgia small business formed on State property-based economy of the body. Started massively pumping state ownership of small business. Cheap raw materials, labor sources, Favourable transport tariffs, cheap credits, remark from influence of tax mechanisms in fact. The factory of big capacity oldest age and materialism of „Red Directors“ formed together, which opened the way to create criminal economic. In this way the biggest part of property drained from the Accumulation field. So it's naturally didn't spend on development of national production. At the same time it's impressive such a positive results of small employers. privately, fast, (in 3-4 years) accumulated important private capital. Set up manufacturing and serve of scarce goods. Current market gave big abilities to small business. Well developed retail trade.

For the first half of the 1990s there wasn't a special law about small business in Georgia. This area is mainly regulated by the Cabinet of Ministers on August 6, 1993 with № 613 Resolution of the “Small Enterprise Development Event”. In this document problems of forming small business were not associated to privatization process. Provide with resources for such enterprises implemented with the traditional positions, individual and selective attitudes. in 1993-1994 years the attitude of the state substantially transformed for the entrepreneur's development. Adopted new laws those promoted to the development of large-scale enterprise. With the help of liberal-democratic reforms small business developed dynamically. Much of the public joined to private entrepreneurship in the initial period, especially in the small parts of it. In 1990-1992 years, Georgia appeared as an average big business.

The years 1993-1998 was marked by large-scale privatization and the development of all type of entrepreneurship, appearance of many ownerships, serving, trading, catering, light industry, active penetration of small business in the use of mass production fields. In 1993, almost all the privatized enterprises were small (98,2%). Next year this number was reduced to 71,2%. 1993-1997 years in Georgia, processed privatization of the mainly small enterprises which reached to peak in 1995-1996. Only in these two years were privatized 6948 small enterprises, that is 43% of privatized small enterprises in 1994-2001 years. The privatization of small enterprises sharply reduced since

2000, because the abilities of this process were on higher stage. In 1993-2002 were totally privatized 1659 enterprises, between them 1588 small (95,4 of total number of enterprises) and 771 medium and large enterprises (4,6%). Respectively, most important capital gains of privatization were in 1995 - 58,2 million lari, in 1996 to 164.2 million lari, in 1999 - 73.3 million lari, in 2000 - 54.1 million lari.

For Developing of entrepreuneuring in Georgia, more or less size, at any stage of economic reforms the unstable tax system was problem. Continual changes and additions in tax laws, some way supported to worsening economic index, imposing sanctions for late payment of taxes, it caused eralier date into force of instructions and so on. Briefly existence of authoritarian system marked on business case development in Georgia, negatively impacted on the macroeconomic indicators and therefore growth of economic of the country. It is essential to establish the middle class owners, in this way creates a balanced market economy is one of the "Construction", which reveals ability to adapt to new situations during the political, socio-economic fluctuations. Considered that for the formation of the middle class is crucial importance development of small and medium enterprises which requires the state to support the creation and implementation of an efficient system of measures. Free enterprise establishment and development for make small enterprises, means to have an appropriate institutional framework, which requires:

1. Develop particular and consistent policies and support small enterprises, which, as a rule, should be an integral part of the general business development of national and state policies;
2. Create a favorable environment for private entrepreneurs for establishment and eliminate of hindering reasons for development entrepreneurship and define specific directions.
3. Separate responsibilities and functions among central government bodies and regional structures for establish police of free entrepreneurship and implementation process
4. Representatives effective participation in the process of economic policy-making, realisation and effectiveness of the evaluation process.

Process to create certain conditions it may discovered quite rational to decrease the tax reduction task. because there are certain types of economic cost, which is very sensitive for small enterprises. One of the main conditions for a rational policy is that taxes should not be too reduted, The tax savings should be consistent with the adjustment costs(it is important that such benefits apply only to those persons whose activities in the period and magnitude smaller than the relatively high costs and named). In such a case can be used for other forms of preferential tax rates reduced. In some cases the payment of taxes in order to reduce the costs of alternative, which is more for small business for the one thing, it hasn't eveloped a system of internal accounting requirements. Used a simplified modes, it allows us with more or less precision to focus on certain

types of tax liabilities and (or) to liberate other taxes.

Small Business Taxation special rules based on the following factors:

1. The relatively high costs associated with the tax laws and performing other requirement of state, a high impact on the small business, market, as well as judicial and law enforcement systems imperfection. This effect is particularly noticeable for the newly established enterprises;
2. Production factors and increase the competitiveness of the finished products to markets in the rising number of small enterprises and the natural inclination of the process of stimulation, including tax measures;
3. Small businesses to participate in the innovation process;
4. The important social role of small business (the impact on employment, income equalization in the labor market at the expense of competition);
5. For great mobility, the role of small business to the stabilizing at the expense of a diversified economy;
6. The commitment of avoiding taxation, which is typical of hard-taxable activity types. In some cases they are considered part of the recovery of the taxes targeted for such enterprises (in order to resolve these problems, some countries in special payments).

State support for small and medium enterprises have become a component of the State's procurement process in this sector of the circuit (as part of preferences). We believe that at this point the share of small and medium enterprises make up a third of the total amount of the contracts. Also it is recommended to establish minimum 40% of credit resources for small enterprises as a "cheap credit" or similar state program;

In condition of open economy, Open economy, small and medium businesses can turn as an instrument into large corporations and diversification of the consumer market of modernization. Georgia's small and medium enterprises development will allow us to effectively solve such important problems, as increasing competition, the reform of the social base extension, The formation of the middle class, employment, production capacity load, the formation of budget revenues, a weighty contribution to the country's gross domestic product and the formation of the general, to solve the country's socio-economic problems. Accelerated development of business in Georgia may make the largest contribution to the creation of new jobs, to counterbalance the monopoly, environmental preservation and improvement of the social problems. It is possible for a small business on the basis of structural transformation of the economy and reform of the social base. Small and medium enterprise development have to ensure to out of the country from economic crisis, the formation of the middle class, long-term economic growth and political stability and the promotion of the acute social problems.

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