

**Czech University of Life Sciences Prague**

**Faculty of Economics and Management**

**Department of Management**



**Bachelor Thesis**

**Stimulating small business activities in the Krasnodar  
Territory in Russia**

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## BACHELOR THESIS ASSIGNMENT

Arina Melikhova-Fadeeva

Economics and Management

Thesis title

**Stimulating small business activities in the Krasnodar Territory of Russia**

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### Objectives of thesis

Objectives of thesis

The main objective of this bachelor thesis is to study small business in South of Russia, research how develop small business in the Krasnodar territory and analyze directions of stimulation of small business in the current economic conditions in Russia.

### Methodology

Methodology

Bachelor thesis includes several research methods. Literary and methodology research will be conducted in order to write theoretical part of the thesis. Theoretical background is a part of the second chapter. It contains description of what is small business, the criteria for classifying enterprises as small, functions of small business, directions of stimulation of development of small business in Russian Federation.

The third chapter includes analysis and evaluation of small business in the Krasnodar Territory and the dynamics of the development. It also includes considering the organizations and the measures they are implementing to stimulate small business in the Krasnodar Territory.

The last part involves prospects for the development of small business in the Krasnodar Territory.

## **The proposed extent of the thesis**

Approx 40-50 pages

## **Keywords**

Small business, enterprise, Krasnodar Territory, legal entity

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## **Recommended information sources**

Mark Saunders, Philip Lewis, Adrian Thornhill(2016), Research methods for business students,Pearson Education,741, ISBN:9781292016627  
Oksana Shmulyar Gréen(2009), Entrepreneurship in Russia: Western ideas in Russian translation, Geson Hylte Tryck, 432, ISBN: 978-91-975405-5-1  
R. McIntyre B. Dallago (2003), Small and Medium Enterprises in Transitional Economies, Palgrave Macmillan UK, 261, ISBN:978-1-4039-0800-1  
Russian Journal of Economics, Elsevier, ISSN: 2405-4739

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## **Declaration**

I declare that I have worked on my bachelor thesis titled “Stimulating small business activities in the Krasnodar Territory of Russia” by myself and I have used only the sources mentioned at the end of the thesis. As the author of the bachelor thesis, I declare that the thesis does not break copyrights of any their person.

In Prague on 15.03.2018

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### **Acknowledgement**

I would like to thank Ing. Richard Selby, Ph.D. and all other persons, for their advice and support during my work on this thesis.

# **Stimulating small business activities in the Krasnodar Territory of Russia**

## **Summary**

The thesis investigates the process of stimulating small business in the Krasnodar Territory and explains the key theoretical aspects related to the small business, the essence and role of small business in the development of the economy, functions of small organizations and determines the regulatory and legal framework for functioning of small companies in the Russian Federation. In the work is substantiated the main directions of stimulating the development of small companies in The Krasnodar Territory. Then the author gives a detailed analysis and evaluation of small business in the Krasnodar Territory. In addition, there are the assessment of the level of development of small business and considered the organizations and the measures they are implementing to stimulate small business activities. The thesis ends with the prospects for the development of small business. And, on the basis of the research, are made a number of conclusions and generalizations.

**Keywords:** small business, Russia, the Krasnodar Territory, microloan, development, subsidy, government support.

# **Stimulace aktivit malého podnikání na Krasnodarském území v Rusku**

## **Souhrn**

Práce zkoumá proces stimulace malého podnikání na území Krasnodaru a vysvětluje klíčové teoretické aspekty týkající se malého podnikání, podstatu a úlohu malých podniků v rozvoji ekonomiky, funkce malých organizací a určuje regulační a právní rámec pro fungování malých společností v Ruské federaci. V práci jsou doloženy hlavní směry stimulace rozvoje malých firem na Krasnodarském území. Pak autor dává podrobnou analýzu a hodnocení malých podniků na území Krasnodar. Kromě toho se hodnotí úroveň vývoje malých podniků a zvažují se organizace a opatření, která provádějí, aby stimulovaly aktivity malého podnikání. Práce končí perspektivami rozvoje malého podnikání. A na základě výzkumu se uskuteční řada závěrů a zobecnění.

**Klíčová slova:** malý podnik, Rusko, Krasnodarský kraj, microúvěr, rozvoj, dotace, státní podpora.

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## **1 Introduction**

The relevance of the research topic is due to the fact that small business is one of the leading sectors of the economy of countries, and largely determines the rate of economic growth, employment status of the population, the structure and quality of the gross national product.

At the same time, the development of small business responds to global trends in the formation of a flexible mixed economy, a combination of different forms of ownership and an adequate model of economic management, in which is realized a complex synthesis of a competitive market mechanism and state regulation of large, medium and small-scale production. Small business is the basis of a market economy.

That is why stimulating the development of small business in the Krasnodar Region is very important in modern conditions, the chosen topic is actual and therefore chosen as the theme of the work.

The object of this work is small business.

The subject of the work is the process of stimulating small business.

The aim of the work is to substantiate the main directions of stimulating the development of small business in the Krasnodar Territory.

To achieve this goal, it is necessary to solve the following tasks:

- ↓ to study the essence and role of small business in the development of the economy;
- ↓ to determine the legal framework for the operation of small business in the Russian Federation;
- ↓ to allocate directions of stimulation of development of small business in the Russian Federation;
- ↓ to conduct a general description of the Krasnodar Region;
- ↓ to carry out an analysis of the level of development of small business in the Krasnodar Region;
- ↓ to make proposals on improving the development of small business in the Krasnodar Region.

The goals and tasks of the work determined its structure.

In the first chapter of the work, was studied the essence and role of small business in the development of the economy, was determined the regulatory and legal framework for the

functioning of small business in Russian Federation, as well as the directions for stimulating the development of small business in Russian Federation.

In the second chapter of the work, was carried out a general characteristic of the Krasnodar Region and the development of small business in the region.

In the third chapter of the work, are proposed measures to improve the development of small business in the Krasnodar Region.

The work used normative and legal documentation, the works of Russian and foreign scientists about the problem of this question, the Krasnodar Region data on the development of small business.

Degree of knowledge of the problem. The works of many Russian economists are devoted to the learning of this problem, for example, Yevdokimova Y.V., Ladygin V.F., Sergeev A.A., Shugrina E. S., Khachaturian B.G. and etc., which are considered as features of small business formation in the Russian Federation, current problems and prospects for its development, as well as issues of stimulating small business development at the federal and regional level in the current economic conditions.

## **2 Objectives and Methodology**

### **2.1 Objectives**

The main aim of this bachelor thesis is to substantiate the main directions of stimulation the development of small business in the Krasnodar Territory in the current economic conditions in Russia.

The goals of the thesis are to investigate the key theoretical aspects related to small business; to study the essence and role of small business in the development of the economy; to determine the legal framework for the operation of small business in Russia, to conduct a general description of the Krasnodar Region; to carry out an analysis of the level of development of small business in the Krasnodar Territory; to make proposals on improving the development of small business; and to draw appropriate conclusions and generalizations in accordance with the aim of the research.

### **2.2 Methodology**

The research methodology is a logical organization of actions designed to help in studying possible approaches to the research, selection of the most interesting and suitable methods for discovering of issues about the topic, and ultimately in obtaining reliable results. The data collection and analysis can be conducted in either a deductive or inductive manner (Saunders, 2016, p.38). Deductive approach involves making conclusions by moving from general to specific, through the creation of a theoretical and conceptual framework on the basis of information gathered from available sources. As for the inductive approach, it is characterized by movement from the specific to general. Conclusions and theories are based on information and data obtained through observation of the specific object (Gill, 2011, p.293). The inductive approach may be more difficult to apply than the deductive approach because it is conducted without a clear theoretical basis. Since the topic of development of small and medium enterprises is one of the most discussed topics in the economy, there is no shortage of suitable literature. Therefore, in this work will be used the deductive approach. In the first part of the work, will be collected and analysed data from scientific works, publications of Russian and foreign authors, books, articles and the legislation of the Russian Federation regarding business activities and measures for SME support. Thus, the data is studied in order to form the basis of the study, providing a

theoretical framework of the studied concepts, such as small business, the essence and the role of small business, functions of small business, directions of the development for small enterprises etc. In the practical part, first of all, is considered general characteristics of the Krasnodar Territory. Then, will be carried out the assessment of the development level of small business in the Krasnodar Territory. It will be made with help of quantitative method, it interprets the received data by using statistical analysis. In this part of the work will be analyzed different dynamics, created tables (that show absolute deviation and growth rate) and diagrams. It also includes considering the organisations and the measures they are implementing to stimulate small business activities in the Krasnodar territory. The last part of the thesis involves prospects for the development of small business in this region.

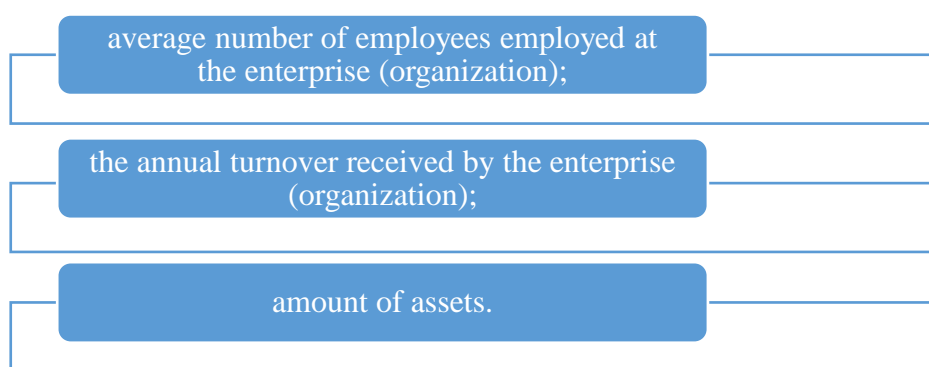
### 3 Literature review

#### 3.1 The essence and role of small business in the development of the economy

Small business is an entrepreneurial activity that is carried out by the subjects of a market economy in accordance with applicable laws and criteria.

Note that the main criteria are the following criteria, presented in Figure 1.

**Figure 1: The criteria for classifying enterprises as small**



**Source: own creation**

Small enterprises (organizations) appear when it is necessary to manufacture small batches of products with constantly updated nomenclature and assortment of manufactured products, use of small sources of raw materials and materials in conditions of a limited number of consumers. In addition, small enterprises (organizations) dominate in all spheres of activity with a high risk of obtaining a zero result. This is an innovative activity, and the development of new technology, new types of products. (Barabashev, 2015, p. 30.)

It should be noted that the principle of classifying an enterprise (organization) as a small business by the number of employees, is also preserved in Russian legislation.

**Table 1: Criteria of referring enterprises to small business**

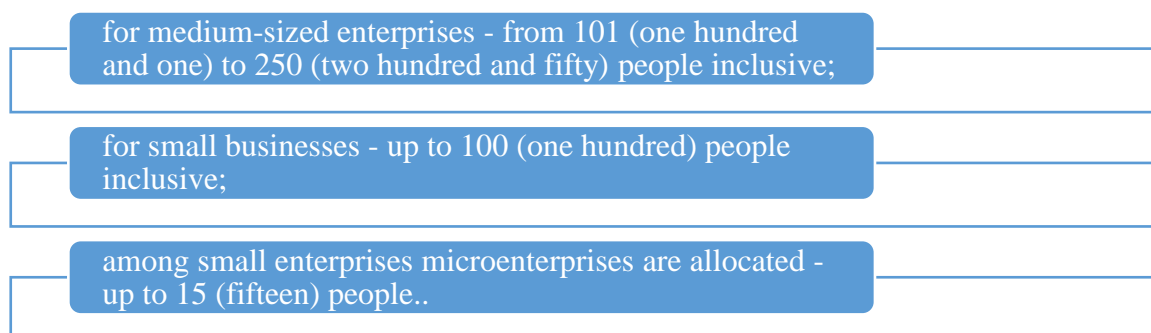
Country	The amount of workers	Annual turnover
Great Britain	24-99 ( up to 200 in industry)	400 thousands of pounds
France	Not more than 200 ( up to 500 in industry)	164 million of Euro

Germany	Not more then 500	Not more then 500 million of Euro
Sweden	Up to 200	300 thousands of Euro
Japan	Up to 100 ( not more then 300 in industry)	Up to 30 million of Yen ( up to 100 million in industry)
USA	Not more then 500	Not more then 5 million of dollars

**Source: own creation**

In accordance with the Federal Law of the Russian Federation «About the Development of Small Business in the Russian Federation» dated July 24, 2007 No. 209-FZ, small business entities are understood to be commercial organizations in which the share of participation of the Russian Federation, public and religious organizations (associations) charitable and other funds does not exceed 25%, the share belonging to one or several legal entities that are not subjects of small business does not exceed 25% and in which the average number of employees during the preceding calendar year does not exceed the limits provided in Figure 2.

**Figure 2: Principles of referring enterprises(organizations) to small by the number of employees**



**Source: own creation**

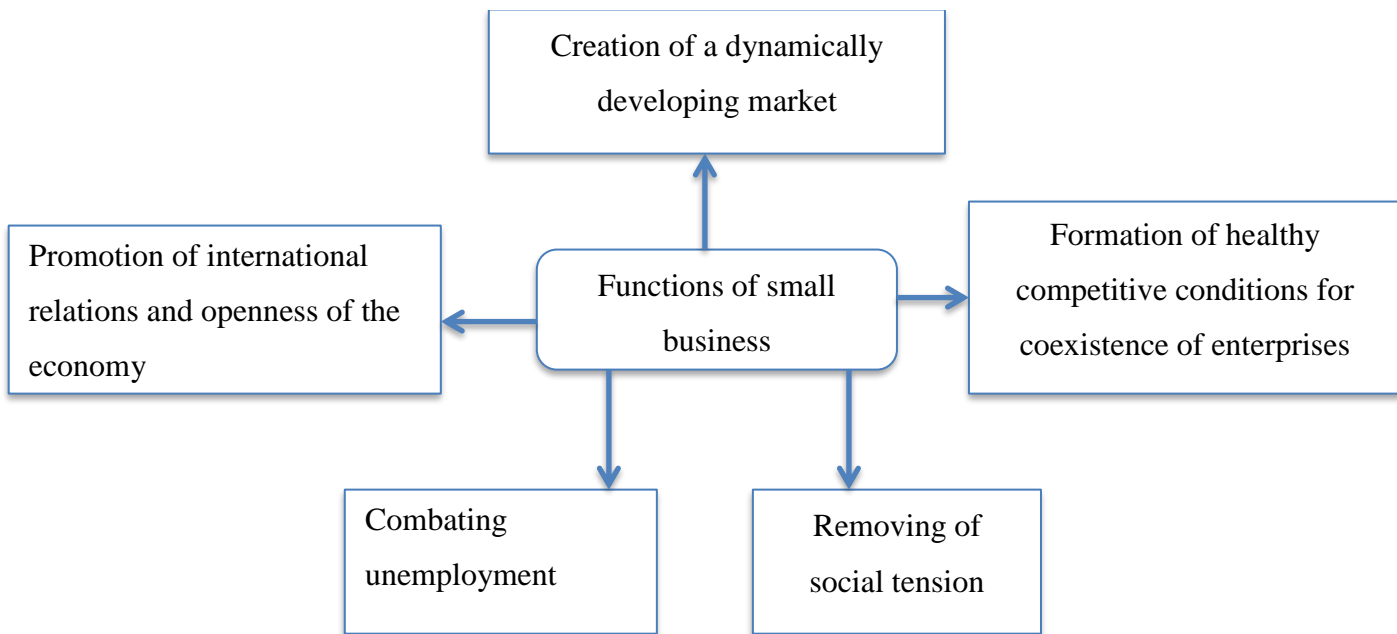
As shows the experience of developed countries, the creation of small enterprises is often initiated by large companies that entrust them conducting certain types of production or establishing close ties with the market.

Small business is an important tool for reforming the economy, which helps to create new jobs and a market environment based on competition, filling the market with services and goods. A saturated market, stable prices and healthy competition are the factors of the effective existence of this form of business.



For the normal life of society, small business, being a significant and important part of the market economy, performs a number of functions, as shown in Figure 3.

**Figure 3: Functions of small business**



**Source: Barabashev, 2015, p. 30.**

Consider the functions shown in Figure 3 in more details.

1. Creation of a dynamically developing market. In this field new ideas are born, experiments are conducted and the main changes are taking place. What big business does not solve, can always be embodied in its small form.
2. Formation of healthy competitive conditions for coexistence of enterprises. Due to its ability quickly adapt to changes in consumer demand, small firms can compete with large businesses due to the fact that large businesses is not so flexible in the changing conditions of a market economy.
3. Promotion of international relations and openness of the economy. Due to the ability to adapt to the needs of consumers quickly, Russia's small business is able to occupy vacant niches in the export market.
4. Combating unemployment. Here it is worth noting that in developed countries, half of the employed population is engaged in this category of business.
5. Removing of social tension. As already mentioned, specifically the small business forms the middle class, which is the basis of our society. The successful development of small

forms of property makes it possible to smooth social inequality in Russia and contributes the implementation of the democratic principles of a market economy. (Arkhipov, Vetoshnikova, 2011, p.10.)

Vetoshnikova Y. outlines the following advantages and disadvantages of small business, presented in Figure 4.

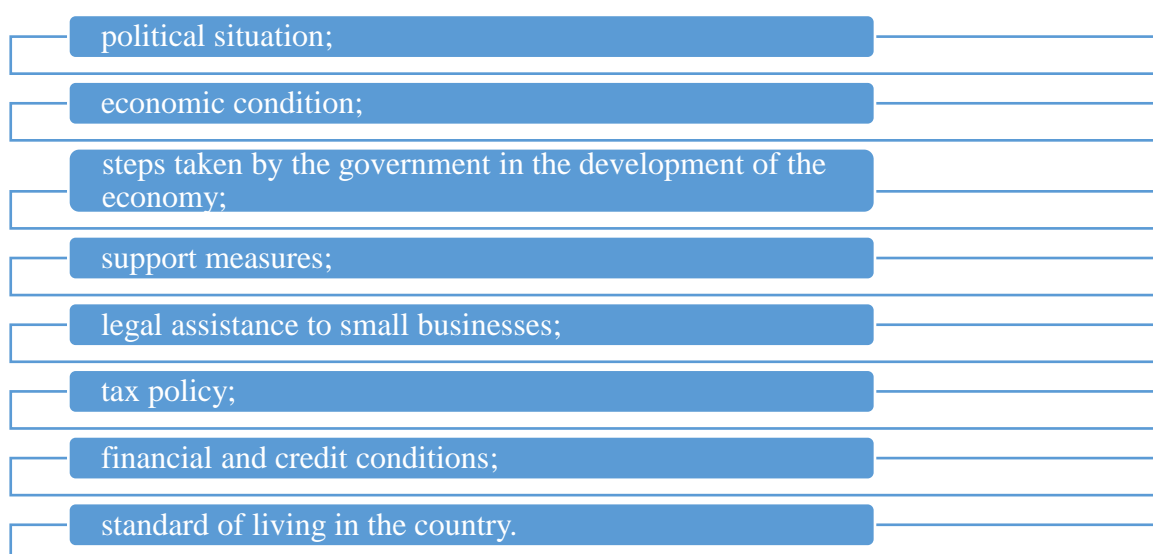
**Figure 4: Advantages and disadvantages of small business**

Advantages	Disadvantages
An increase in the proportion of economically active population, which leads to an increase in the incomes of citizens and contributes to smoothing the disproportion and welfare of various groups	The high level of risk in the fail implementation of the projects
Growth in the number of owners – the main guarantor of political stability in modern society	Dependence on large monopolistic companies
Creation of new jobs	Weak competence of managers
Employment of the population	Difficulties in borrowing financial resources
Project development	Deficiencies in the management base
Improving the relationship between different sectors of the economy	

**Source: Arkhipov, Vetoshnikova, 2011, p.10**

Features of small business in Russia are caused by a variety of factors that have been systematized in a single scheme, as shown in Figure 5.

**Figure 5: Features of small business in Russia**



**Source: own creation**

Nowadays, all of the above conditions for normal business are far away from ideal. First of all, this fact is hampered by state barriers, as well as multiple difficulties in keeping records and submitting reports to tax authorities and extra-budgetary funds.

**Table 2: The number of small businesses in 2014-9 months of 2016, thousands of rubles.**

Region	2014	2015	9 months of 2016	The absolute change of 9 months 2016 to 2014, thousand rubles.	Growth rate 9 months of 2016 to 2014, %
The Russian Federation	235 579	242 661	172 836	-62 743	73,37%

**Source: website: <http://gks.ru>, 2017**

Thus, it should be noted that on the whole, was a reduction in the number of small enterprises in the Russian Federation.

**Table 3: The number of staff in small businesses in 2014-9 months of 2016, thousands of rubles.**

Region	2014	2016	9 months of 2016	The absolute change of 9 months 2016 to 2014, thousand rubles.	Growth rate 9 months of 2016 to 2014, %
The Russian Federation	6 831 967	6 660 925	5 378 077	-1 453 890	78,72%

**Source: website: <http://gks.ru>, 2017**

Thus, it should be noted that on the whole, has been a decrease in the number of employees in small enterprises, which is a negative trend in the development of the Russian economy. According to A.P. Kalinin, the president of «Russian Support», nowadays, the main feature of the development of entrepreneurship is that many small and medium-sized enterprises have to change their business models, but not all are ready for this. (Barabashev, 2015, p.8) A.P. Kalinin believes that there was a long period of economic growth, when enterprises worked on certain schemes, with a certain cost, logistics, marketing and labor productivity. However, the economic turmoil – crisis, sanctions, stagnation, plus tightening of regulation by the state against small and medium businesses, worsening financing conditions – led to the loss of markets and customers. The problem, in his opinion, is that it is necessary to change the style of work now: somewhere to reduce employees, somewhere to reduce costs, somewhere, on the contrary, to invest in new products, to promote their goods and

services in a different way. Not all entrepreneurs are ready for this. The competence of entrepreneurs and the need to think globally are the acute issue.

For any business, the first question is to find customers. Very high costs for entrepreneurs are associated with participation in exhibitions. It can be used a form of support, that is very common in the West, when is formed a business mission and the region buys out areas for its entrepreneurs and then sublet these areas at a low price. In fact, this is subsidizing the costs of exhibition activities for their entrepreneurs. (Barabashev, 2015, p.8)

It should be also noted the problem is in the shortage of the resource base, both financial and material-technical. It is necessary to attract investment from outside as much as possible, and to stimulate domestic production as it is known, small business involves own assets in economic circulation, and in the majority, they are not enough. Therefore, the financial resources owned by the firm have to be used exclusively for its intended purpose, the misuse of resources can lead to bankruptcy.

To improve the investment climate, we need access to finance, helping to enter on the new markets, removing administrative barriers and reducing the control press.

The security of doing business is needed, access to government purchases, control over tariffs of natural monopolies, the ability to connect to engineering infrastructures – system work is required. (Barabashev, 2015, p.8)

Also, from the important problems, it is necessary to note, a narrow regulatory framework. The state needs to promote small business development, and for this it is necessary to create optimal legislative conditions, take into account the influence of various factors on the activities of small businesses.

The next important problem is personnel, human resources. Native entrepreneurs are undoubtedly less than society really needs, in addition, they need to acquire a certain amount of knowledge that will enable them to competently implement entrepreneurial activities, rationally use resources, not bring the enterprise to the brink of bankruptcy, disappearance. (Khachatryan, 2014, p. 26)

Solving these and other problems will allow small businesses to reach a new level of development. In conditions of economic crisis and sanctions, entrepreneurship acquires high significance. A depreciation of the ruble, a reduction in the price of oil – these factors will reduce the ability of the state and companies to maintain and support the staff that

exists today. It also should be noted such imminent factors as a reduction and increase in the level of unemployment. (Khachatryan, 2014, p. 26)

The situation described above will persist until a planned production direction will not be laid in the basis of country's development, and also the government will not accept any necessary economic, legal, social, tactical measures for this.

It is advisable to pay attention to the main directions of state support. Today, the government is ready to provide comprehensive support to all entrepreneurs who are ready to start their own business as an IE or owner of an LLC.

Nowadays, in order to promote, the state can offer (Khachatryan, 2014, p. 28):

- ↓ comprehensive consultations in the employment centers on registration and opening of the enterprise;
- ↓ reimbursement of expenses for the registration process and partly for the purchase of equipment and raw materials;
- ↓ training of beginning entrepreneurs of the basics of business and personnel management;
- ↓ assistance in renting inexpensive real estate owned by the state, and connecting it to basic communications.

In modern crisis conditions, the financial and resource support of small enterprises should not be reduced to state support solely, but the state should promote the growth of small business indicators, even in difficult conditions to stimulate development.

The forecast of long-term social and economic development of the Russian Federation for the period until 2030 assumes an increase in the number of small and medium-sized businesses by 1.3 times to 7.7 million entities by 2030, including 5.4 million individual entrepreneurs.

Such growth should be ensured by systemic support of small and medium-sized enterprises by the state, development of infrastructure, including special innovative zones.

Summarizing all of the above, it should be noted that small business – one of the sources of the formation of the financial system of the state. The development of small business contributes to solving not only social problems, but also serves as a basis for the economic development of the country. Small businesses contribute to the creation of favorable conditions for the development of the economy by reducing unemployment, replenishment of the market with goods and services. Moreover, small business largely determines the quality, structure and type of economic growth of the gross national product.

However, as practice shows, small business needs a «comfortable environment». The state needs to ensure the existence of entrepreneurship, because this economic sector largely drives the economy of the country and society as a whole. It is necessary to apply various measures to stimulate business. Here, will play a role not only low taxes and interest rates, but also the competence of entrepreneurs and the ability to think globally.

### **3.2 The regulatory and legal framework for the functioning of small business in Russian Federation**

Small enterprises (organizations) can become the basis of market structures in many industries, which contributes to ensuring a flood of investment in the areas of the most effective application of resources and thereby will connect the processes of structural policy and the formation of the market. (Khachatryan, 2014, p. 26)

The list of documents and normative acts governing the activities of small business entities is presented in Appendix 1.

Let's consider the basic Federal laws defining activity of small enterprises and their characteristics.

The normative legal regulation of the development of small and medium-sized business in the Russian Federation is based on the Constitution of the Russian Federation, regulated by Federal Law No. 209-FZ from July 24, 2007 «About the Development of Small and Medium-Sized Enterprises in the Russian Federation», other federal laws adopted in accordance with other normative legal acts of the Russian Federation, laws and other normative legal acts of the subjects of the Russian Federation, normative legal acts of the bodies of the Russian Federation self-government.

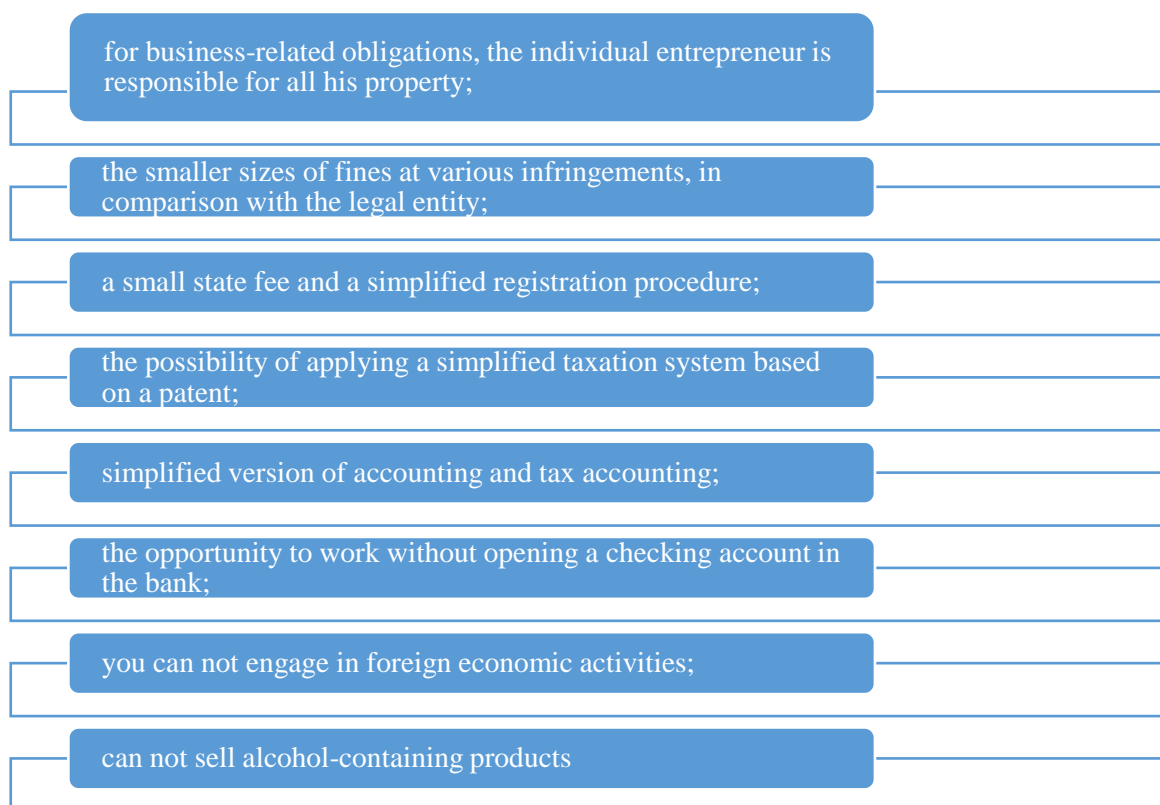
The main document for a small enterprise is the Federal Law «About the Development of Small and Medium-sized Entreprises in the Russian Federation» dated 24.07.2007 No. 209-FZ, which primarily defines the categories of small business entities. The functioning of small businesses is possible in forms from business companies to IE. In accordance with the Civil Code of the Russian Federation, business activities can be conducted both with formation and without the formation of a legal entity. To this form of doing business relate: Peasant (farm) farm (PFF) and Individual entrepreneur (IE). Thus, for small

businesses, there are as many opportunities as possible to choose the organizational and legal form.

The specific choice of the organizational and legal form for conducting a small business depends on the type of future activity that is analyzed through the prism of the main features of various organizational and legal forms.

Features of individual entrepreneurship are shown in Figure 6.

**Figure 6: Features of individual entrepreneurship**



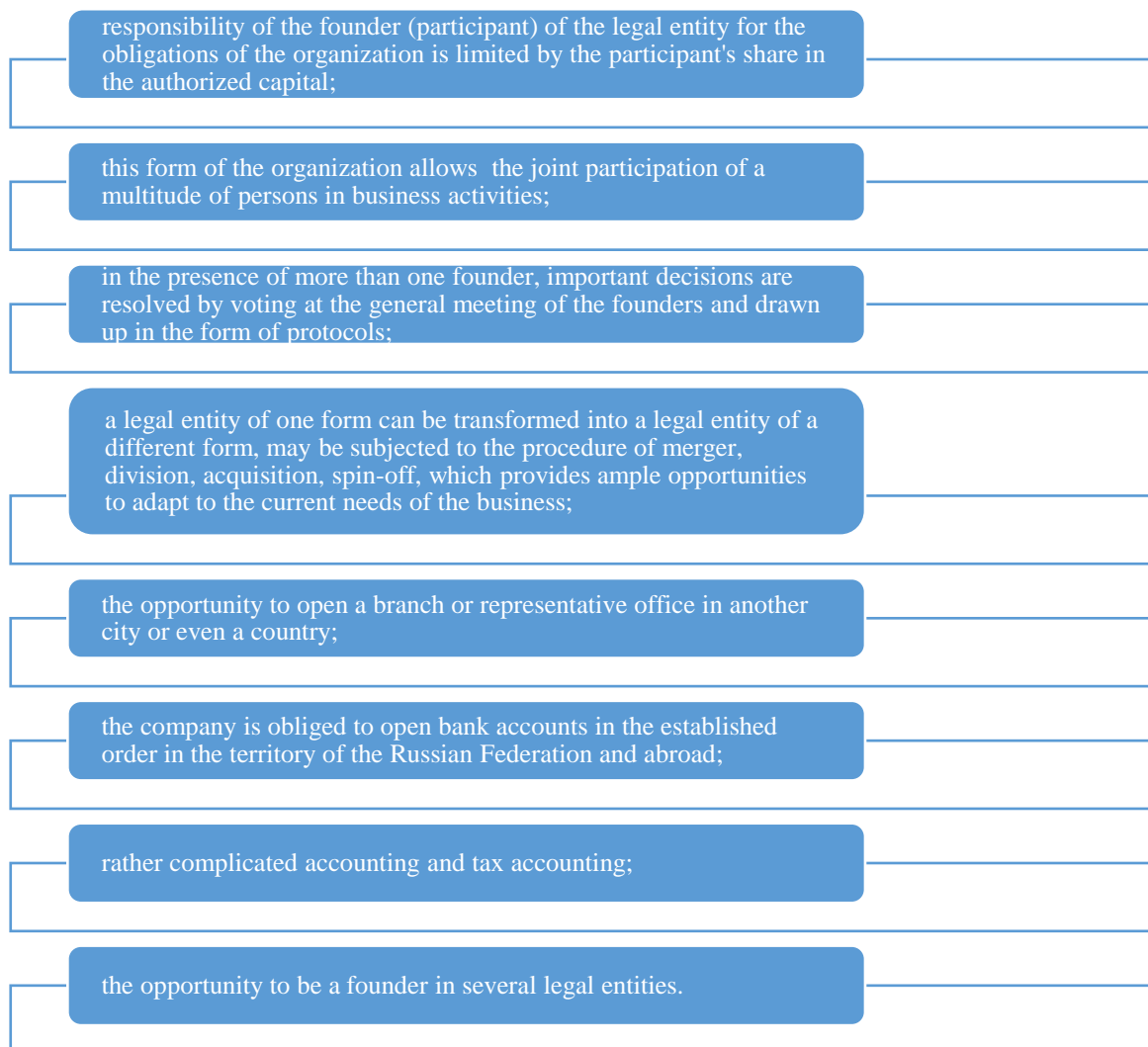
**Source: own creation**

As for the assignment of legal entities to small business entities, a number of restrictions arise under Federal Law No. 209-FZ, namely, Art. 4 determines that there is a restriction on the total share of participation of the Russian Federation and the subjects of Russian Federation, municipal authorities, the possibility of public organizations to participate in small business can be higher than 25%, for foreign participants, such restriction is 49%.

At the same time, Law No. 209-FZ does not limit the ability to be an individual entrepreneur and a founder of one or several limited liability companies simultaneously.

Features of the legal entity are presented in Figure 7.

**Figure 7: Features of legal entity**



**Source: website: [www.consultant.ru](http://www.consultant.ru), 2017**

Federal Law No. 129-FZ from 08.08.2001 «About State Registration of Legal Entities and Individual Entrepreneurs» regulates relations arising in connection with state registration of legal entities when they are created, reorganized and liquidated, when amendments are made to their constituent documents, state registration of natural person as individual entrepreneur and state registration upon termination of activities by individuals as individual entrepreneurs. According to the Federal Law «About Development of Small and Medium Enterprises in the Russian Federation», along with the Unified State Register of legal entities and the Unified State Register of individual entrepreneurs, public authorities administer the Unified Register of small and medium-sized businesses. The register is posted on the website of the Federal Tax Service.



Federal Law No. 54-FZ from May 22, 2003 «About the use of cash registers for the implementation of cash payments and (or) payments with using payment cards» determines the rules for the use of cash registers in the implementation of payments in the territory of the Russian Federation in order to safeguard the interests citizens and organizations, protection of consumers' rights, as well as ensuring the established procedure for making settlements, completeness of revenue accounting in organizations and individual entrepreneurs.

Federal Law No. 209-FZ from July 24, 2007 «About the Development of Small Business in the Russian Federation» regulates relations that arise between legal entities, individuals, government authorities of the Russian Federation, state authorities of the constituent entities of the Russian Federation, local governments in the development sphere of small and medium-sized business, defines the concepts of small and medium-sized businesses, the infrastructure for supporting small and medium-sized enterprises, types and forms of such support.

Federal Law No. 99-FZ from 04.05.2011 «About the licensing of certain types of activities» regulates relations that arise between federal executive bodies, executive authorities of the subjects of the Russian Federation, legal entities and individual entrepreneurs in connection with the licensing of certain activities.

The provisions of Federal Law No. 99-FZ do not apply to relations connected with the implementation of licensing:

- the use of atomic energy;
- production and turnover of ethyl alcohol, alcohol and alcohol-containing products;
- activities related to the protection of state secrets;
- the activities of credit institutions;
- activities for conducting organized trades;
- types of professional activities in the securities market;
- the activities of joint-stock investment funds, the management of joint-stock investment funds, mutual investment funds, non-government pension funds;
- the activities of specialized depositories of investment funds, unit investment funds and non-state pension funds;
- the activities of non-state pension funds for pensions and pension insurance;
- clearing activities;
- insurance activity;

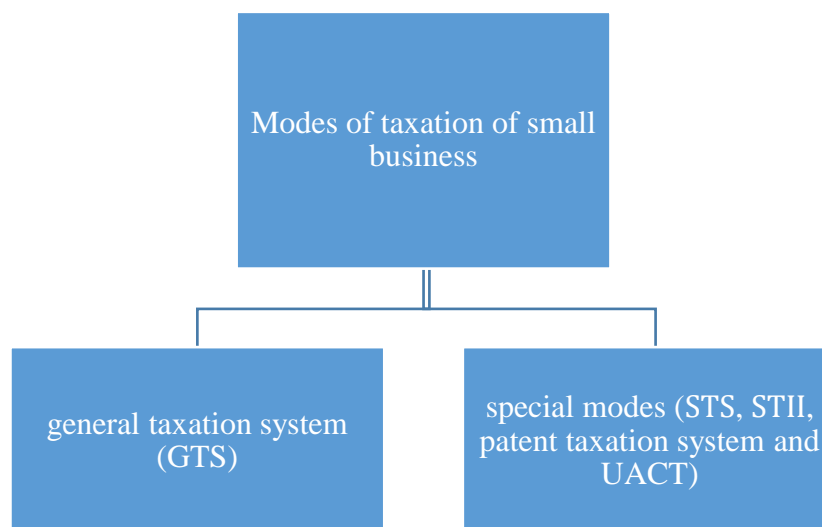
- space activities;
- repository activities.

Federal Law No. 99-FZ from 04.05.2011 «About licensing of certain types of activities» establishes uniform requirements for accounting, including accounting (financial) reporting, as well as the creation of a legal mechanism for regulating accounting.

Let's consider the features of taxation of small businesses.

Taxation regimes for small businesses in Russia can be conditionally divided into two types, presented in Figure 8.

**Figure 8: Taxation Modes for Small Businesses in Russia**



**Source: own creation**

The common system of taxation applies all IE, carrying out activities that do not fall under special taxation regimes, and not submitting to the tax authority a statement of intent to use them. ( Uvarov, 2015, p. 11)

The general taxation regime for IE, unlike special regimes, sets the following taxes:

( Uvarov, 2015, p. 11)

- ↓ personal income tax (PIT);
- ↓ value added tax;
- ↓ property tax of individuals.

The main special tax regimes for small businesses are: a single tax on imputed income (STII) and a simplified taxation system (STS).

Individual entrepreneurs have the right to use a simplified taxation system if they comply with the requirements of Art. 346.12 of the Tax Code.

IE, applying the simplified taxation regime, are exempted from the payment of the tax on the property of natural persons (in respect of property used in activities), personal income tax, VAT. The peculiarity of the simplified tax system is the ability to choose the object from which taxes will be withheld: 6% from income or 15% from the difference between income and expenditure.

The transition to the STS is possible immediately upon registration. IE can submit notification and apply STS from the date of registration. ( Uvarov, 2015, p. 12)

You can switch to a simplified taxation system from another taxation system. To do this, it is necessary to notify the tax inspectorate not later than December 31 of the year preceding the year from which taxpayers wish to transfer to the STS.

The order of transition, the conditions for the commencement and termination of the use of the simplified taxation system are established by Article 346.13 of the TC of the Russian Federation.

The application of the STII also exempts from paying a number of taxes: IE do not pay taxes on personal income and property, VAT. ( Uvarov, 2015, p. 12)

STII applies only to certain activities. In addition, in order to apply the STII, this taxation regime should be established by the legislation of the subject of the Russian Federation, in which the taxpayer carries out activities. Previously, the application of the STII was mandatory: if the activities carried out were subject of STII, the taxpayer was obliged to apply this special regime. Now the application of STII is voluntary. That is, the taxpayer has the right not to apply the STII, but to choose any other taxation system.

Statement on the STII is carried out on the basis of an application that have to be submitted to the tax authority within five days after the commencement of the entrepreneurial activity that requires payment of the STII. Individual entrepreneurs file an application under the STII-2 form.

Legislative base is constantly supplemented by new normative acts, called to provide legal regulation of activity of subjects of small business. A separate set of normative legal acts are documents defining the strategy for the development of small and medium-sized businesses, the key and determining of which is: Government Order No. 1083-r from 2 June 2016 'Strategy for the Development of Small and Medium-Sized Enterprises in the Russian Federation for the period up to 2030'. An important list is the list of principles on the basis of which this strategy was developed: the advantage of small businesses over large, the legalization of activities, and the facilitation of the accelerated development of

small businesses. Moreover, the key mechanisms for implementing the strategy are not levers of legal or, for example, tax support, and especially not direct financing. The key is the development of economic, legal, social mechanisms not just supporting the small business afloat, but orienting it toward outstripping development.

### 3.3 Directions of stimulation of development of small business in the Russian Federation

In the current situation in the Russian Federation there are many problems and crisis phenomena in the economy that affect different aspects of the economic and political life of society and the state, and, therefore, undoubtedly affect the interests of small and medium-sized businesses. The problems of small business development in the Russian Federation at the present stage are presented in Figure 9.

**Figure 9: Problems of small business development in Russia**



Source: website: [www.gks.ru](http://www.gks.ru), 2017

As already mentioned above, the directions for stimulating the development of small business in the Russian Federation are highlighted in the "Strategy for the Development of Small Business in Russian Federation for the period until 2030", which aims to reduce or completely eliminate the negative processes existing in the small and medium-sized business sector in Russia and trends.

In accordance with this document, by the year 2030, the following indicators for the development of small and medium-sized businesses are planned to grow up in the Russian Federation:

- ↓ turnover of small and medium-sized businesses – in 2.5 times;
- ↓ labor productivity in small and medium businesses – in 2 times;
- ↓ the share of manufacturing in the turnover of the small and medium-sized business sector - up to 20%;
- ↓ the share of the employed population relative to the total number of employed population - up to 35%;
- ↓ share of small and medium-sized enterprises in GDP - up to 40%.

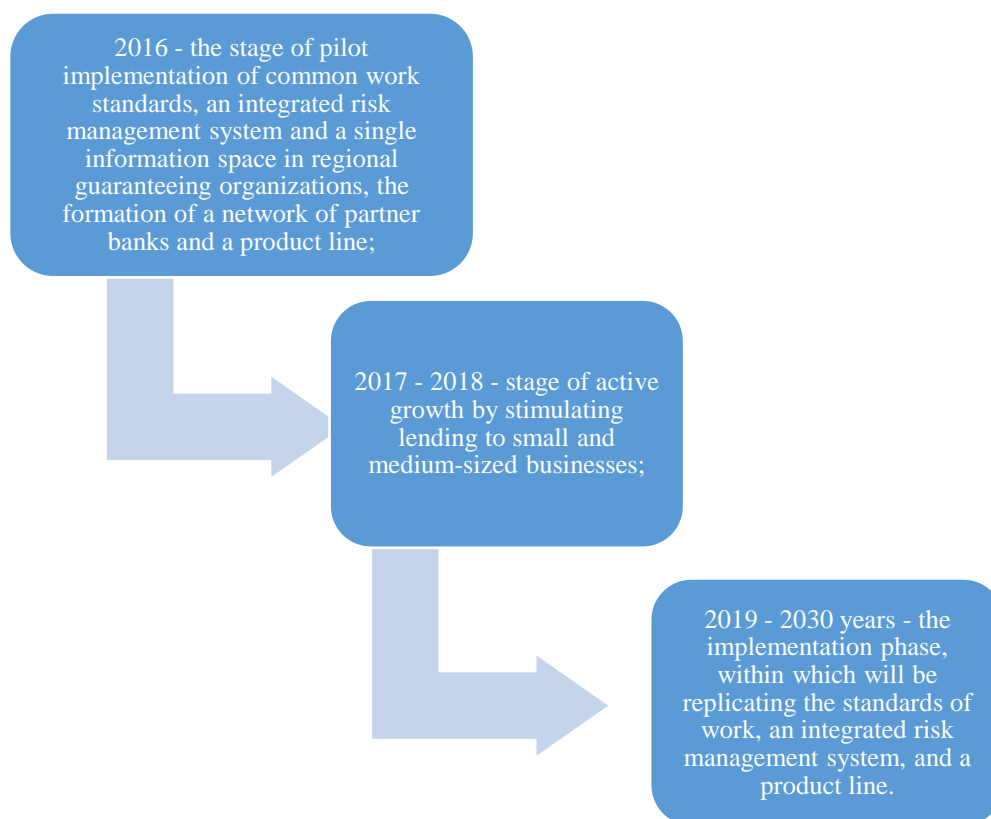
In accordance with the Strategy, the following tasks of small and medium-sized businesses are planned:

- ↓ financial, legal and other support;
- ↓ organization of support of investment projects that are being implemented;
- ↓ attracting financing from investors, both Russian and foreign;
- ↓ increase in the share of purchases of goods, works, services from small and medium-sized businesses.

The planned implementation of the Strategy for the Development of Small and Medium-sized Business involves the identification of the stages in the development of the National Guarantee (Evdokimova, 2016, p. 21).

System for Support of Small Entrepreneurship, presented in Figure 10.

**Figure 10: Stages of development of the National Guarantee System for Support of Small Businesses**



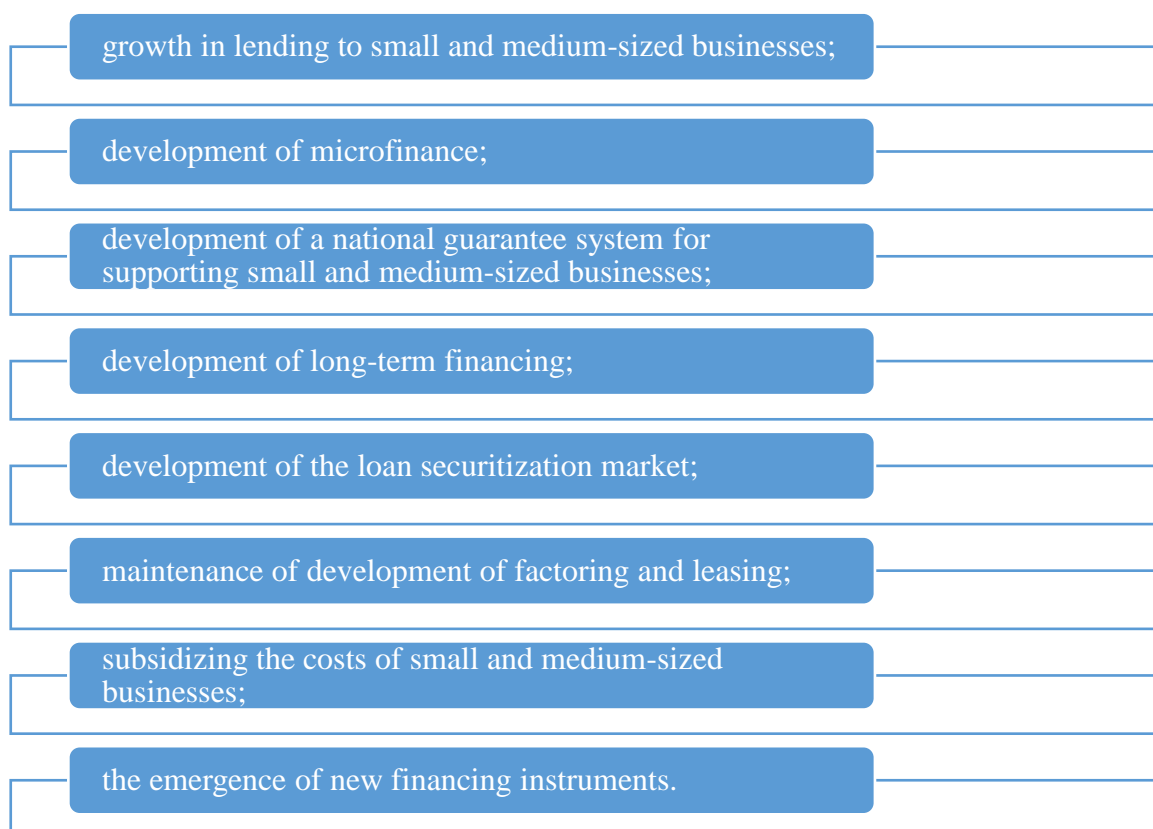
**Source, website: [government.ru/media/files/](http://government.ru/media/files/), 2016.**

The Federal Corporation for the Development of Small and Medium-sized Enterprises is developing and implementing standards for the provision of various forms and types of support to small and medium-sized businesses. The development of stimulating demand for products produced by small and medium-sized businesses will be implemented through the introduction of a standard for the development of competition. Support for small and medium-sized businesses in the social sphere will be pursued through the removal of barriers to entry of organizations into the social services market. The improvement of legislation of the Russian Federation in the sphere of public procurement is intended to improve the access processes of small and medium-sized enterprises to this activity. One of the most important areas is the development of the infrastructure of consumer markets and the creation of the necessary conditions for the development of trade, catering services and personal services.

Support will be activated for small and medium-sized enterprises, carrying out innovative activities, activities in the field of manufacturing and high-tech services, and export

activities. This development is not possible without sufficient financial resources. In this direction, it is planned to stimulate the following directions, presented in Figure 11.

**Figure 11: Elements for the development of small and medium-sized enterprises, carrying out innovative activities, activities in the field of manufacturing and high-tech services, export activities**



**Source: own creation**

Special attention should be paid to reducing the administrative burden on small and medium-sized enterprises in the implementation of controlling supervisory activities.

It is necessary to continue work on removing administrative barriers while ensuring access of small and medium-sized enterprises to the use of real estate and movable property, as well as in connection of facilities to engineering and technical support networks.

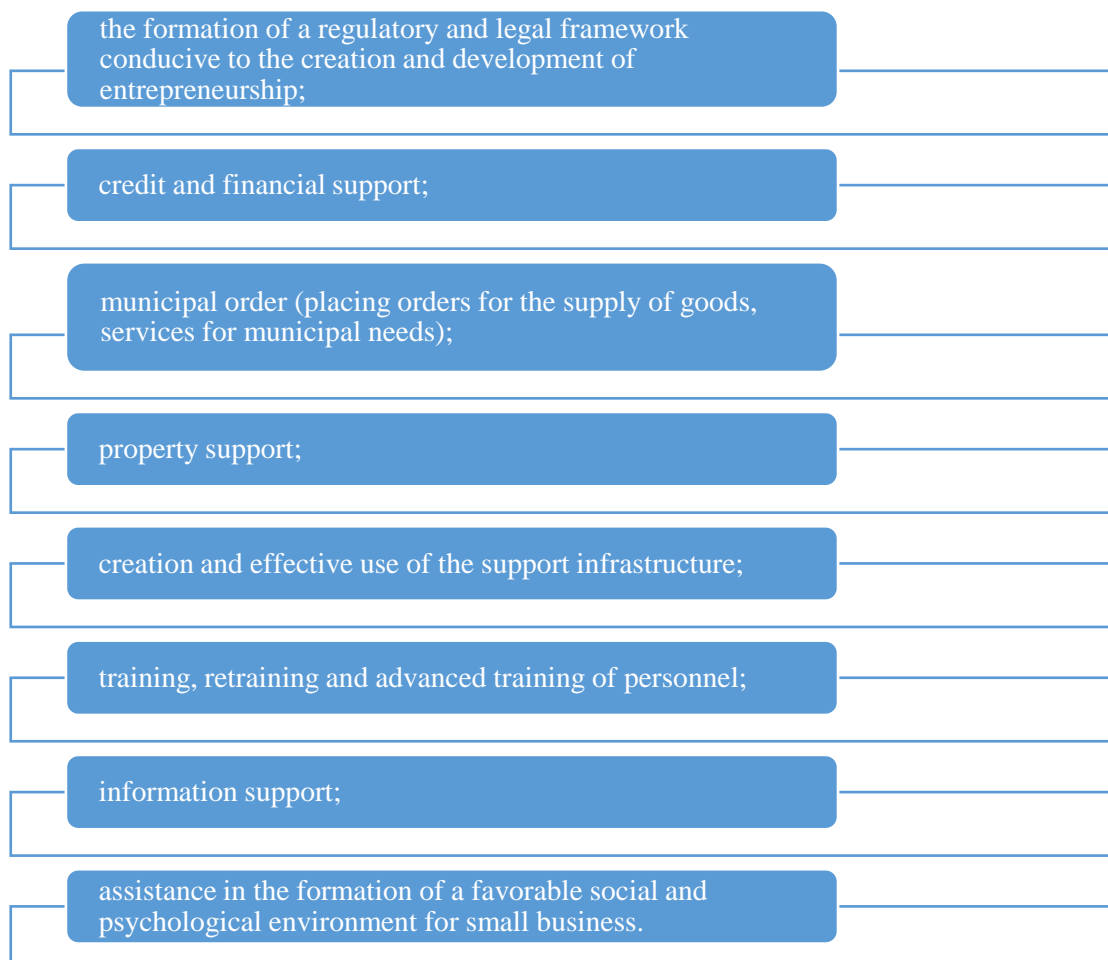
The development of support for small and medium-sized businesses within the framework of the Strategy will allow to implement a new ideology of business support, based not only on the economic component, but also on the social, political, technological approaches, which makes it possible to see the prospects for real development of small and medium business in Russia.

The development of a small or medium enterprise (organization) is always the development of a particular enterprise (organization) in a certain territory.

The strategically considered policy of municipalities to support and stimulate the development of the small business leads to the creation of new jobs, attraction of temporarily unemployed people to the labor activity, representatives of national minorities, women, disabled people, etc., to the growth of incomes of the population due to independent economic activity and consumer demand, growing of the quality of goods and services in the face of increasing competition, the introduction of new technologies and the rise of innovative activity, the increase in revenues to the local budget, finally, forms a medium of owners - the middle class.

Municipalities need to take measures to create and develop conditions that improve the local entrepreneurial climate. These actions are reduced to the development of mechanisms for supporting small businesses, including the following mandatory elements, schematically presented in Figure 12.

**Figure 12: Elements of the mechanism of support of small and medium business**



**Source: own creation**



In order to ensure an integrated approach at the federal level, will be provided methodological support for the development and implementation of state programs (subprograms) of the subjects of the Russian Federation and municipal programs (subprograms) containing measures aimed at the development of small business.

The implementation of measures for the development of small business will be carried out with the support provided through the allocation on a competitive basis of subsidies from the federal budget on terms of co-financing from the constituent entities of the Russian Federation.

In order to ensure a proactive policy for small business development at the regional and municipal levels, will be formed a system for identifying, evaluating and then replicating best practices to support small business.

The criteria for creating favorable conditions for the activities of small companies will be considered among the main ones when assessing the work of regional and municipal leaders.

Thus, the principle of classifying an enterprise (organization) as a small by the number of employees, has been preserved in Russian legislation. In accordance with the Federal Law of the Russian Federation "About the development of small business in the Russian Federation" from July 24, 2007 No. 209-FZ. The directions of stimulating the development of small business in Russia are reflected in the "Strategy for the development of small business in the Russian Federation for the period until 2030".

## **4 Practical part**

### **4.1 General characteristics of the Krasnodar Territory**

The region is located in the southwestern part of the North Caucasus, the 45th parallel divides it approximately into two equal parts. In the northeast the region borders with the Rostov region, in the east - with the Stavropol Territory, in the south - with Abkhazia. From the northwest and southwest the territory of the region is washed by the Azov and Black seas.

The Krasnodar Region covers an area of 76,000 square kilometers and it is the southern region of Russia. Over 5 million people live in the region, including about 53% in cities and 47% in rural areas. The average population density is 66.6 people per 1 square kilometer.

The territory of the region is divided into two sharply different parts: the northern plain and the southern mountain range. The plain zone - the Kuban lowland - occupies two thirds of the territory and is economically the most developed part. The southern zone is formed by the systems of the ridges of the Western Caucasus, the adjacent foothills and the narrow belt of the Black Sea coast.

The total land area of the Krasnodar Territory is 7.5 million hectares, of which arable land is 3.9 million hectares. This is its main arable fund, characterized by high fertility.

A narrow strip in the left bank of the Kuban, the Prikubansky inclined plain and part of the foothills are suitable for gardening and cultivation of yellow tobacco.

The Krasnodar Territory is one of the oldest oil producing region in Russia. Oil production started in 1864.

The largest in Europe Azov-Kuban basin of fresh groundwater is located on the territory of the region. It has significant reserves of thermal and mineral waters.

The basis of the productive forces of the Krasnodar Territory are industrial, construction, fuel and energy complexes, the field of information and communication technologies, as well as agro-industrial, transport, sanatorium-resort and tourist complexes. The last three areas of activity (agro-industrial, transport, sanatorium-resort and tourist complexes) correspond to the priorities of Russia's social and economic development and determine the special status of the Krasnodar Territory in the country's economy.

Dynamic development of the agro-industrial complex (hereinafter - the AIC) of the Krasnodar Territory ensures food security of the country: the region has the richest resources of agricultural lands, including chernozem, whose area is 4,805,000 hectares (more than 4 percent of Russia and about 2 percent of the world's reserves); the region ranks first place among the subjects of the Russian Federation in terms of grain, sugar beet, fruit and berry production, the second place - in the production of sunflower seeds and honey; the region is the second among the subjects of the Russian Federation in the production of eggs, meat of livestock and poultry (in live weight), the third place - for the production of milk and vegetables.

The transport complex ensures the implementation of Russia's foreign policy and economic interests in the Black Sea and Mediterranean economic cooperation zone, and makes a significant contribution to enhancing the "coherence" of the country's territory. Sea ports provide direct access through the Azov and Black Seas to international foreign trade routes and process more than 35 percent of Russia's foreign trade and transit cargoes of Russia's seaports, and service about a third part of Russian oil exports.

On the territory of the region are the most important railway routes of federal importance, which are oriented towards the sea international ports of the region and resorts of the Black and Azov Seas. Pipeline transport is represented by the international oil pipeline "Tengiz - Novorossiysk" and the gas pipeline "Russia - Turkey" ("Blue Stream"). Air transport of the Krasnodar region is represented by four airports, two of which are international (Krasnodar, Sochi).

Unique for Russia natural climatic conditions of the region, the availability of advanced medical institutions and technologies, historical sights create the potential for the development of a highly effective, competitive tourist and recreational complex of international level, which forms a positive image of the country on the international scene and provides the growing needs of the population for services related to rest, treatment and tourism.

The climate in the region is one of the most favorable in Russia for human habitation and activity. The Krasnodar Territory is the warmest region of Russia, the average length of time, when there is sunny weather on the territory of the region, is 2300 hours a year. Thanks to a combination of favorable climatic conditions and the presence of mineral water and therapeutic muds, the Krasnodar Region is the most popular resort and tourist

region of Russia and actually the only coastal and balneological and recreational center in Russia.

The potential of the spa resort and tourist complex of the province is realized due to the creation on the territory of the region of a special economic zone of tourist recreational type.

A separate place in the field of education, science and culture of the region is occupied by the higher educational institutions of the region - large scientific and educational institutions that train specialists in practically all branches of knowledge. In the region there are 11 state institutions of higher education.

#### **4.2 Assessment of the development level of small business**

Let's assess the development level of small business in the Krasnodar Territory in 2014-2016.

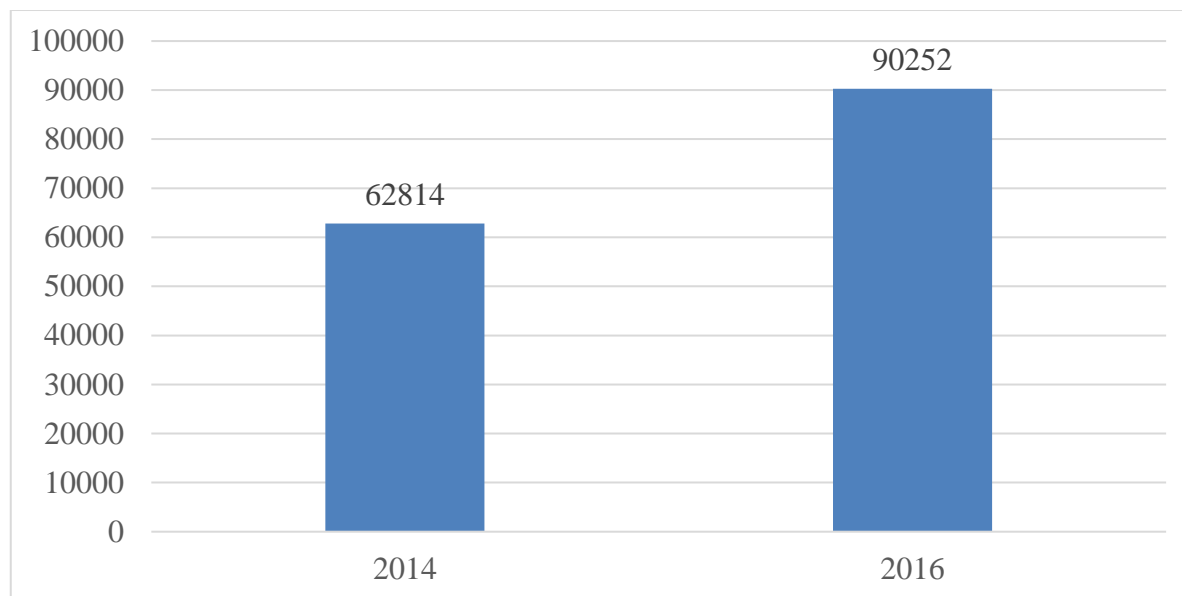
The dynamics of the total number of small enterprises is presented in Table 4 and on Figure 13.

**Table 4: Dynamics of the total number of small enterprises in the Krasnodar Territory on 2014-2016**

Indicator	2014	2016	Absolute deviation	Growth rate, %
The amount of enterprises, units	62814	90252	27438	143,7%

**Source: website: [www.rcsme.ru](http://www.rcsme.ru), 2017**

**Figure 13: Dynamics of the total number of small enterprises in the Krasnodar Territory 2014-2016**



**Source: own creation**

Thus, in the period under review, there was a positive dynamics of the number of small businesses in the Krasnodar Territory, which is primarily due to the development of tourism infrastructure in the territory of the region (the opening of hotels, guest houses, cafes and restaurants, travel companies in the region, etc.) agriculture, manufacturing industries, construction industry. These trends are positive.

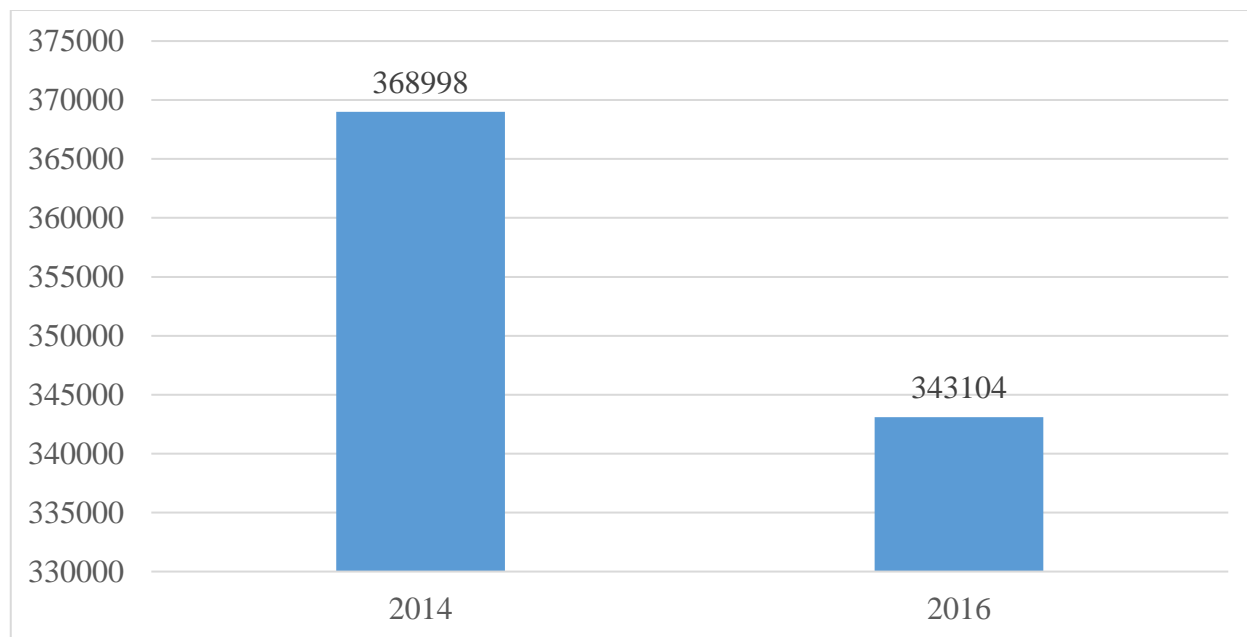
The dynamics of the average number of employees is presented in Table 5 and on Figure 14.

**Table 5: Dynamics of the average number of employees in small enterprises in the Krasnodar Territory in 2014-2016**

Indicator	2014	2016	Absolute deviation	Growth rate, %
The Average number of employees	368998	343104	-25894	93,0%
of which the average number of employees of the payroll (without external part-time workers)	337226	322079	-15147	95,5%

**Source: website: [www.rcsme.ru](http://www.rcsme.ru), 2017**

**Figure 14: Dynamics of the average number of employees in small enterprises in the Krasnodar Territory 2014-2016**



**Source: own creation**

Thus, in the period under review, there was a decrease in the average number of employees of small enterprises in the Krasnodar Territory, which is primarily due to the optimization of the number of personnel of small businesses, the reduction of personnel during economic sanctions, which is due to the need to save costs. Reducing the number of staff can lead to a decline in the quality of services and manufactured goods, but contributes to the growth of labor productivity. Heads of small enterprises should pay special attention to this issue, controlling the culture of work and quality of production.

Dynamics of turnover of small enterprises in the Krasnodar Territory in 2014-2016 is presented in Table 6 and on Figure 15.

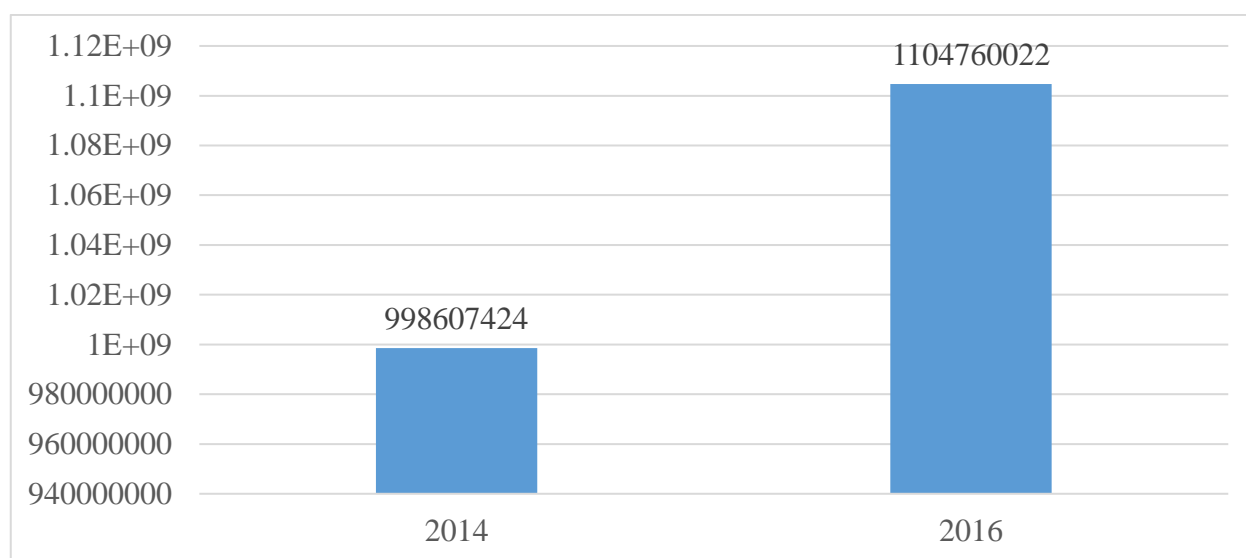
**Table 6: Dynamics of turnover of small enterprises of the Krasnodar Territory in 2014-2016**

Indicator	2014	2016	Absolute deviation	Growth rate, %
Turnover of enterprises, thousand of rubles.	998607424	1104760022	106152598	110,6%
Shipped goods of its own production, performed works and	380891985	445712183	64820197	117,0%

services on its own				
Sold non-proprietary goods	617715439	659047840	41332401	106,7%

Source: website: [www.rcsme.ru](http://www.rcsme.ru), 2017

**Figure 15: Dynamics of turnover of small enterprises in the Krasnodar Territory 2014-2016**



Source: own creation

Thus, in the period under review, there was an increase in the turnover of small enterprises in the Krasnodar Territory, both by own and non-proprietary production. On the one hand, growth in turnover was due to production growth in terms of import substitution, closure of resorts in Egypt and Turkey, and the influx of tourists to the Krasnodar Territory. On the other hand, the increase in turnover is also associated with a rise in prices in the condition of the crisis in the Russian economy in the face of sanctions from Western countries.

Dynamics of investment into the fixed capital of small enterprises in the Krasnodar Territory in 2014-2016 is presented in Table 7 and on Figure 16.

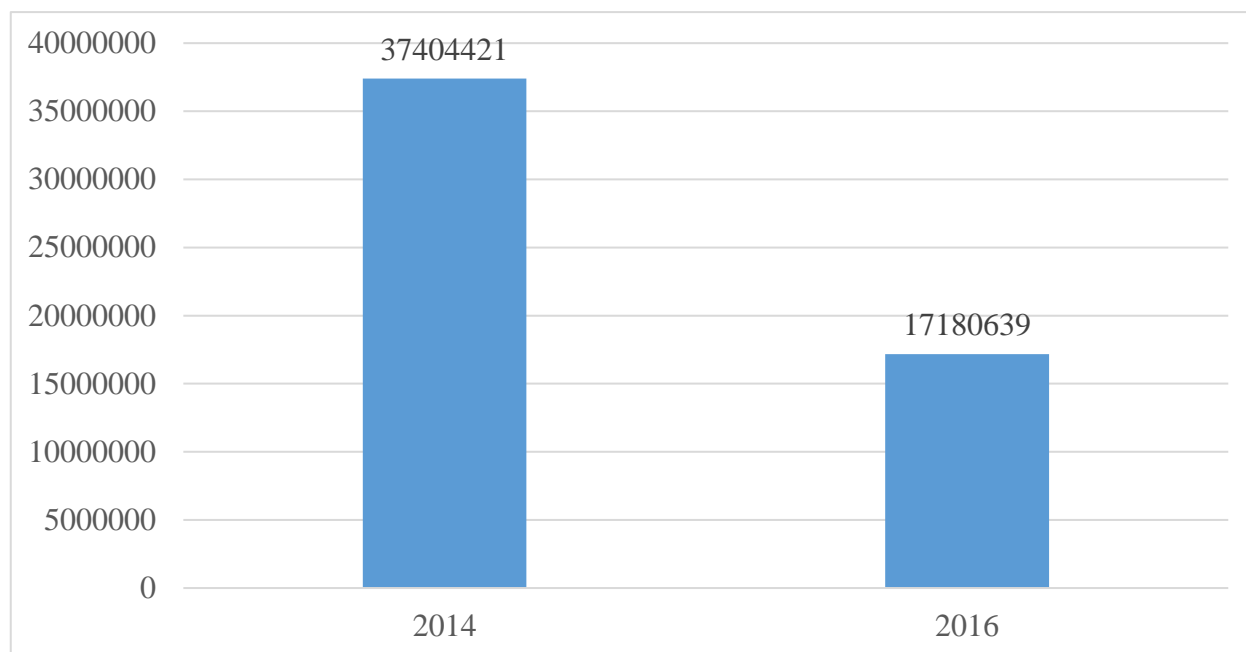
**Table 7: Dynamics of investment into fixed capital of small enterprises of the Krasnodar Territory in 2014-2016**

Indicator	2014	2016	Absolute deviation	Growth rate, %
Investments into fixed capital (in terms of new and acquired fixed assets), thousand of	37404421	17180639	-20223781	45,9%

roubles.				
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Source: website: [www.rcsme.ru](http://www.rcsme.ru), 2017

**Figure 16: Dynamics of investment in the fixed capital of small enterprises in the Krasnodar Territory in 2014-2016**



**Source: own creation**

Thus, in the period under review, there was a decrease in investment into fixed capital (in terms of new and acquired fixed assets) of small enterprises in the Krasnodar Territory. This dynamics is primarily due to a reduction in investment in the Olympic facilities of Sochi, as well as a slowdown in the construction of tourism facilities throughout the Krasnodar Territory.

Consider the organizations and the measures that they are implementing to stimulate small business activities in the Krasnodar Territory.

The Microfinance Fund of the Krasnodar Territory is engaged in issues of stimulating small business activities in the Krasnodar Territory.

The main activity of the Fund is the provision of microloans to small and medium-sized businesses and to the infrastructure organizations supporting small and medium-sized businesses in the Krasnodar Territory in the amount up to 3,000,000 rubles for a period up to 3 years. (Registration number 401303203004073 dated 11.10.2013 in the state register of microfinance organizations.)

The following microloans can be identified, which operate in 2016-2017 for small enterprises of the Krasnodar Territory:

↓ "Start";



- ↓ "Contract";
- ↓ "Farmer";
- ↓ "Business turnover";
- ↓ "Craftsman";
- ↓ "Business Invest";
- ↓ "Novotekh";
- ↓ "Development and innovation".

Microloan for start-ups is "Start". It is provided on co-financing terms. The applicant (entrepreneur) must provide financing in the amount of 30% of his own expense and 70% of the total amount of the project is allocated by the fund. Term of granting a microloan from 3 to 12 months, the amount of a microloan is from 100 thousand of rubles up to 500 thousand of rubles. The interest rate is 7.25% per annum. The loan is unsecured and is provided under a guarantee of at least 2 guarantors of third parties.

The microloan for the provision of state and municipal contracts is the "Contract". It is provided to secure the application for participation in the tender-auction, ensuring the execution of state and municipal contracts. The term for providing a microloan before the contract is executed, but not more than 12 months. The loan amount is from 100 thousand of rubles up to 1 million of rubles. The interest rate is 8% per annum. It is provided on the security of property and sureties of at least one guarantor of a third party.

The microloan, which is provided for the replenishment of working capital, is "Business turnover". The term of granting from 3 to 12 months. The loan amount from 100 thousand of rubles up to 1 million of rubles. The interest rate is 10% per annum. Provided on the security of property, and surety of not less than one guarantor of a third party.

The microloan for investment purposes is "Business Invest". Can be sent to:

- on the acquisition of fixed assets, including production, technological, trade and other equipment;
- purchase of a vehicle, specialized freight transport for use in entrepreneurial activities, with the exception of passenger cars.
- acquisition of construction, major repairs and reconstruction of non-residential premises used in business activities. Term of granting a microloan from 3 to 12 months, the loan amount from 100 thousand of rubles up to 1 million of rubles. The

interest rate is 8.25% per annum. It is provided on the security of property and sureties of at least one guarantor of a third party.

Microloan "Farmer". It can be provided for the purpose of purchasing fuel, spare parts for repairing agricultural machinery, purchasing mineral fertilizers, plant protection products, purchasing planting stock, feed and veterinary drugs. The term of the loan from 3 to 12 months. The amount of a microloan from 100 thousand of rubles up to 1 million of rubles. The interest rate is 6.25% per annum. It is provided on the security of property and sureties of at least one guarantor of a third party.

The next microloan is "Craftsman". This loan is provided to small and medium-sized businesses, infrastructure organizations engaged in craft activities related to one of the types of crafts (handicraft professions) established by the Krasnodar Region law from November 7, 2011, No. 2357-KZ "About state support of folk art and handicrafts activities in the Krasnodar Territory ". The term of the loan from 3 to 12 months. The amount of a microloan from 100 thousand rubles of up to 1 million of rubles. The interest rate is 6.25% per annum. It is provided on the security of property and sureties of at least one guarantor of a third party.

Small business entities of the Krasnodar Territory can use microloans in accordance with the requirements established by the Federal Law from July 24, 2007, No. 209-FZ "About the development of small and medium-sized business in the Russian Federation".

An entrepreneur has to be registered in the established order in the territory of the Krasnodar Territory.

The minimum period for carrying out entrepreneurial activity as of the filing date of the application is at least 3 months. This concerns the product for start-up entrepreneurs "Start". For all other microloans, the term of the activity is not less than 6 months.

The results of financial and economic activities have to comply with the requirements of the fund.

An entrepreneur must have a positive credit history, including in the fund. Lack of credit history is also acceptable.

An entrepreneur should not have, on the date of filing an application for a microloan, of overdue loans under loan agreements with funds, with other credit organizations, leasing companies, not have debts to pay taxes and other payments to budgets of all levels.

Provide a full package of documents, in accordance with the lists and forms approved by the order of the fund.

Microloans are not provided to small and medium-sized enterprises and organizations of the infrastructure for supporting small and medium-sized businesses:

- being credit organizations, insurance organizations, investment funds, non-state pension funds, professional participants of the securities market, pawnshops;
- being parties to the production sharing agreement;
- carrying out entrepreneurial activity in the sphere of gambling;
- carrying out the production and sale of excisable goods, as well as the extraction and sale of minerals, with the exception of common mineral resources;
- in the event that bankruptcy procedures, financial recovery, external management, bankruptcy proceedings, cancellation sanctions, or suspension of licenses are applied in respect of an entrepreneur or a small or medium-sized business entity if the borrower's activities are subject to licensing;
- in the event that microloans are directed to the purpose of calculating the current costs of servicing loans, microloans and other purposes not related to the performance of business.

As a supplement, it should be said how you could apply to the microfinance fund.

In order to get a microloan, a small business entity can apply to the fund personally. An entrepreneur needs to provide a package of documents, which consists of a questionnaire application for obtaining a microloan, financial documents, official reporting, management reporting, legal documents, security documents. The microfinance fund considers movable property assets as collateral: vehicles not older than 10 years, machinery and equipment, inventory, finished goods. Also real estate assets registered in the established order in the territory of the Krasnodar Region can be given as collateral: buildings, constructions, apartments, houses, land plots, summer cottages.

The pledge can be granted either by the borrower or by the pledgor, either natural persons or legal entities.

In conclusion, it should be noted that microfinance plays a role in ensuring the availability of financial resources for small businesses. The subjects of small and medium-sized businesses are the most active part of consumers of microfinance services. Provision of a micro loan to 1 million of rubles for a maximum period of 12 months through the microfinance fund is a measure for the development of microfinance and one of the main areas of support for small business activities in the Krasnodar Territory.

Also in the Krasnodar Territory, the Center for Entrepreneurship Support is providing free consultations to entrepreneurs of the Krasnodar Region on business issues.

In order to stimulate the development of small businesses in Krasnodar Region, the following subsidies are provided for enterprises, presented in Appendix 1. These subsidies are aimed at compensating part of the costs, which is very important for any enterprise.

Another organization that deals with issues of assistance to small businesses is the Krasnodar Territory Guarantee Fund provides guarantees to entrepreneurs of Krasnodar Region on bank loans and guarantees with insufficient collateral. The maximum amount of guarantee is 25 million of rubles for one small and medium business entity, 30 million of rubles for a group of related companies, but not more than 70% from the loan amount.

Thus, assessing the level of small business development in the Krasnodar Territory, it can be noted that the Krasnodar Territory for a long time and effectively has been engaged in support of small and medium-sized businesses, which is confirmed by the fact that the Krasnodar Territory is one of the leaders in the number of small and medium-sized businesses. Krasnodar Region is trying to support and consider new forms of state support, to create non-profit organizations that provide state support. In particular, nowadays, there is a guarantee fund for support, and has been established a microfinance fund. It will be good if these means of state support will be actively used, because they are implemented within the guidelines of the Ministry of Economic Development of the Russian Federation, which are the most priority for implementation.

## 5 Results and Discussion

### 5.1 Prospects for the development of small business in the Krasnodar Territory

Despite the fact that the state supports small and medium-sized businesses at all levels (federal, regional and local), there are a number of problems that are schematically presented on 17.

**Figure 17: Problems of small business**



**Source: own creation**

Based on the data presented on the website of the statistics service of the Krasnodar Territory, the leading branches of small business today are: agriculture, wholesale and retail trade, manufacturing and construction.

It is also important to note that the most popular form of entrepreneurship in the field of sales is the opening of places for catering, food stores and pharmacies.

The market of information, medical and real estate services cannot be called a saturated component in business. Mass consumers of goods and services of small and medium-sized businesses are the local population, as well as private firms, government agencies, trade and intermediary organizations. It is important to realize that small and medium-sized business in modern conditions of market economy development will provide a large number of jobs, will saturate the market with new goods and services, satisfy the numerous needs of large enterprises, and significantly expand the range of goods and services. Today in Russia, small and medium-sized businesses are one of the most promising forms of management.

Over the past five years, in the Krasnodar Territory the number of subsidized companies has increased by 27%, and the number of entities that received support in the form of a subsidized portion of costs under finance leases (leasing contracts) by 7% has also increased.

Nowadays, there are a number of prospects for the development of small and medium-sized businesses in Russia, in the Krasnodar Territory, such as:

- free services provided by the center of entrepreneurship support by qualified specialists;
- holding various free seminars;
- free creation of sites, which are an important element in modern business;
- carrying out of marketing researches that are necessary for acceptance of administrative decisions that is not a little significant for the businessman;
- the creation of business plans, it is a key component on which depends, if this type of business will bring profit;
- consulting services in financial planning;
- organization of certification of goods, works and services;
- information support of activities;
- granting subsidies for business development.

Annually at the forums, as well as at the meetings of the regional administration, are discussed issues in the development of small business in the region. At the last forum was covered such topics for the future as:

- improving the quality of educational programs for small and medium-sized businesses;
- discussion of the acceleration program for developing businesses, which is carried out by "Opora Rossii", this project helps an entrepreneur to find a solution to the problems of his business, to gain more connections. The program includes seminars on the organization and development of business.

The implementation of all of the above will lead to an increase in positive indicators in the economy of the region and Russia as a whole.

Small and medium-sized businesses play a significant role in the social and economic development of society, in the solution of the most important tasks of ensuring employment of the population, maintaining stability in the labor market, and saturating the market with goods and services.

## 6 Conclusion

In this work, on the basis of the research, were made a number of conclusions and generalizations.

Estimating the level of development of small business in the Krasnodar Territory, it can be noted that the Krasnodar Territory has long and effectively engaged in supporting of small and medium-sized businesses, which is confirmed by the fact that the Krasnodar Territory is one of the leaders in the number of small and medium-sized businesses. Krasnodar Region is trying to support and consider new forms of state support, to create non-profit organizations that provide state support. In particular, nowadays, there is a guarantee fund for support, and has been established a microfinance fund. Entrepreneurs should actively use these means of state support, because they are implemented within the guidelines of the Ministry of Economic Development of the Russian Federation, which are the most priority for implementation.

Now, there are a number of prospects for the development of small and medium-sized businesses in Russia, in particular in the Krasnodar Territory, such as:

- free services provided by the center of entrepreneurship support by qualified specialists;
- holding various free seminars;
- free creation of sites, which are an important element in modern business;
- carrying out of marketing researches that are necessary for acceptance of administrative decisions that is not a little significant for the businessman;
- the creation of business plans, is a key component on which depends, if this type of business will bring profit;
- consulting services in financial planning;
- organization of certification of goods, works and services;
- information support of activities;
- granting subsidies for business development.



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## 8 Appendix 1

### Subsidies for small businesses in the Krasnodar Territory

Name	Characteristic
DEPARTMENT OF INDUSTRIAL POLICY OF THE KRASNODAR TERRITORY	
Subsidies to subjects of activity in the sphere of industry in organizing the employment of convicts	The amount of the subsidy is up to 500,000 rubles.
	60% of actually incurred costs are recovered,
	The recipient is the subject of activity in the sphere of industry
Subsidies to subjects of activity in the sphere of industry for technological connection	The amount of the subsidy is up to 1 800 000 rubles.
	It reimburses 30% of the cost of technological connection,
	The recipient is the subject of activity in the sphere of industry.
Subsidies for payment of interest on loans received to replenish current assets	The amount of the subsidy is up to 5,000,000 rubles.
	The interest is compensated in the amount not exceeding 3/4 of the key rate of the Bank of Russia, but not more than 70% of the actually paid interest
	The recipient is the subject of activity in the sphere of industry.
Subsidies for reimbursement of costs associated with the implementation of educational activities	The amount of the subsidy is up to 1,000,000 rubles.
	70% of actually incurred and documented costs are recovered.
	The recipient is the subject of activity in the sphere of industry.
Subsidies for reimbursement of part of the costs for the implementation of investment projects	The amount of the subsidy is up to 10,000,000 rubles.
	Compensate for 10% of actually produced and documented costs.
	The recipient is the subject of activity in the sphere of industry.
Subsidies for payment of	The amount of the subsidy is up to 10,000,000 rubles.

interest on loans and for the payment of income of leasing companies received for the creation of new production facilities, modernization and purchase of equipment	For loans, interest is compensated in the amount not exceeding 3/4 of the key rate of the Bank of Russia, but not more than 70% of the actually paid interest.
	For leasing, a part of the income of leasing companies that are part of lease payments is compensated, but not more than 50% of actually paid payments.
	The recipient is the subject of activity in the sphere of industry.

Name	Characteristic
<b>MINISTRY OF AGRICULTURE AND FOOD INDUSTRY KRASNODAR TERRITORY</b>	
Agricultural insurance	50% of costs are refunded;
Acquisition of elite seeds	the amount of the subsidy is calculated in accordance with the established form;
Construction and reconstruction of meliorative systems	the amount of the subsidy is calculated in accordance with the established form;
Providing unrelated support	grants in the amount of 360 to 1800 rubles per 1 hectare;
Support of meat-breeding cattle	the amount of the subsidy is calculated in accordance with the established form;
Support of pedigree cattle breeding (except for pedigree cattle meat direction)	the amount of the subsidy is calculated in accordance with the established form;
Subsidies for the development of gardening and tea growing	the amount of the subsidy is calculated in accordance with the established form;
Subsidies for the development of gardening	the amount of the subsidy is calculated in accordance with the established form;
On payment of % of loans	the amount of the subsidy is calculated in accordance with the established form;
Cost recovery in connection with the transfer of biological waste for disposal	the amount of the subsidy is calculated in accordance with the established form;

Reimbursement of a part of costs per 1 kg of milk sold and (or) shipped for own processing	the amount of the subsidy is calculated in accordance with the established form;
Subsidies for the production of commercial fish	the amount of the subsidy is calculated in accordance with the established form;
Subsidies for the production of commodity-food fish products	the amount of the subsidy is calculated in accordance with the established form;
Subsidies for the production of fish planting material	the amount of the subsidy is calculated in accordance with the established form;
Subsidies for the extraction (catch) of aquatic biological resources	The amount of the subsidy is calculated according to the established form
The content of pedigree mare at the age of 3 years and older	the amount of the subsidy is calculated in accordance with the established form;

Name	Characteristic
<b>LABOR AND EMPLOYMENT SERVICE OF THE MINISTRY OF LABOR AND SOCIAL DEVELOPMENT OF THE KRASNODAR TERRITORY</b>	
Reimbursement of costs for preparation of documents submitted for state registration	the amount of the costs incurred, the recipient means citizens who are recognized as unemployed in accordance with the established procedure and citizens who are recognized as unemployed in accordance with the established procedure and who have passed vocational training or received additional professional education in the direction of employment service bodies.

<p>Reimbursement of a part of the costs for an additional workplace for the employment of unemployed citizens</p>	<p>the amount of compensation is 58,800 rubles (depends on the maximum amount of the unemployment benefit, Resolution No. 710 of 19.06.2012), the recipient is citizens who are recognized as unemployed in accordance with the established procedure and citizens recognized as unemployed and who have completed vocational training or received additional professional education in the direction of employment service bodies.</p>
<p>One-time financial assistance for the opening of an individual entrepreneur or legal entity</p>	<p>the amount of reimbursement is 117,600 rubles (depends on the maximum amount of the unemployment benefit, Resolution No. 710 of 19.06.2012), the recipient is citizens who are recognized as unemployed in accordance with the established procedure and citizens recognized as unemployed and who have completed vocational training or received additional professional education in the direction of employment service bodies.</p>