

# **REPUBLIC OF AZERBAIJAN**

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## **ABSTRACT**

of thesis for the award of the degree of Doctor of Philosophy

### **Ways to increase the economic efficiency of individual entrepreneurship in the petrochemical industry**

Specialty: 5312.01 – “Area economy”

Field of science: 53 - On the economy

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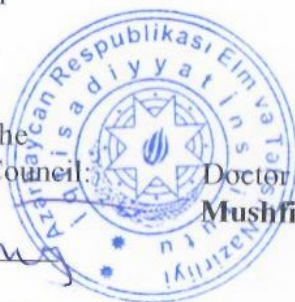
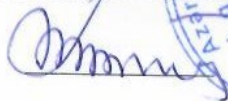
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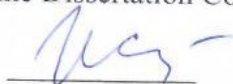
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## INTRODUCTION

**Relevance and level of development of the topic.** Micro and small business, which is an important sector of the market economy in Azerbaijan, brings together a large number of owners, among whom individual entrepreneurs play an important role in the socio-economic development of the country. It is individual entrepreneurs who are of great importance in terms of ensuring the diversification of the economy, increasing employment, production of consumer goods from local raw materials.

The main goal of individual entrepreneurs engaged in industrial activities is to obtain the maximum income per unit of resource spent, as well as to constantly increase it. This is the main indicator of the efficiency of this type of enterprise. Measures aimed at increasing the efficiency of the enterprise cover all aspects of its activities. Therefore, it is claimed that the individual entrepreneur is a small business. According to official statistics, 11-13% of value added in the non-oil sector of Azerbaijan in 2021, 9-10% of employees, 18.6% of the product release falls on the share of individual (micro) business entities. 24,898 individual entrepreneurs work in the processing industry of the country, 3,534 of them or 14.2% belong to the petrochemical industry enterprises. In individual years, 9-11% of the products produced in this industry were realized by individual entrepreneurs.

All these facts highlight the need to fill the existing gaps in individual entrepreneurship and identify areas for improving its economic efficiency. The decrees and orders signed by the President of the country, the development of the oil industry, as well as the programs of regional development emphasize the need for the development of individual (micro) entrepreneurship.

*Level of study of the problem.* Development of petrochemical industry and related economic and social, as well as organizational problems, proper use of economic potential in this area, development of entrepreneurship, impact of petrochemical industry on the environment, its role in the development of non-oil sector, investment

The attractiveness of the field, the role of innovative steps in the development of the country's economy as a whole Azerbaijani scientists: Sh.M. Muradov, Z.A. Samadzade, A.B. Abbasov, M.A. Mammadov, T.N. Aliyev, M.C. Atakishiyev, G.A. Safarov, G.S. Suleymanov, A.Kh. Nuriyev, I.H. Ibrahimov, E.Y. Mammadov, S.A.Abbasov, I. H. Aliyev, S.S. Samandarov, Sh.T. Aliyev, R.T. Aliyev, A.N. Muradov, Sh.S. Gafarov, G.Z. Yuzbashiyeva, M.H. Zeynalov, N.B. Kamalov, K.H. Isayev, A.G. Huseynov, R.K. Isgandarov, S.M. Salimov, I.B. Ismayilov and others, and foreign researchers include A. Fedotov, V. Avtomonov, L. Abalkin, A. Arkhipov, M. Blauchun, A. Gorodetsky, V. Radayev, O. Belokrylova, V. Bogomolov, A. Kostenko, Y. Buchwald, G. Vechkanov, I. Razumnova, Nikolaou-Smakoviti, J. Wolfers, B. Stevenson, M. Friedman, F. Khaek, A. Mishin, A. Hosking and others important in the field of solving the problems addressed recommendations are given.

Noting the great scientific and practical importance of the research conducted by the above-mentioned authors, it should be noted that in order to ensure a worthy place of individual entrepreneurship in the socio-economic development of the country, its economic content as part of the research object, positive and disadvantages, conditions of development and regularities, theoretical study and scientific substantiation of stimulus mechanisms.

At the same time, the directions of increasing the economic efficiency of individual entrepreneurship in the petrochemical industry have not been studied so far, which is due to the urgency of the chosen topic.

The **object** of research is the petrochemical industry of Azerbaijan and individual entrepreneurs operating there.

The **subject** is scientific research and mechanisms related to the current state of individual entrepreneurship in the petrochemical industry, the directions of stimulating its development.

**Objectives and tasks of the research.**The purpose of the study is to analyze and study the current state and development of individual entrepreneurship in the petrochemical industry of Azerbaijan, to develop scientifically sound complex proposals on

increasing economic efficiency, production capacity, efficient use of resources, stimulation of entities.

In accordance with the purpose of the dissertation, the following tasks were identified in the study:

-To explain its essence, types and distinctive features in a new aspect on the basis of studying and generalizing the literature on the organization and management of individual entrepreneurship;

-To determine the opportunities for the use of international experience in state regulation of the organization of individual entrepreneurship in Azerbaijan;

-To form methodological aspects of economic assessment of the activity of individual entrepreneurship entities engaged in industrial activity;

-To disclose the characteristics of the petrochemical industry in Azerbaijan and determine its role in the development of the country's economy;

-Characterize individual entrepreneurial activity in the petrochemical industry on the basis of official statistics, primary accounting data, analyze the state of its organization and identify relevant reserve opportunities;

-To scientifically develop proposals to eliminate the factors hindering the development of individual entrepreneurship in the petrochemical industry in our country and to stimulate its development;

-Prepare and submit proposals to improve the tax and credit mechanism for individual entrepreneurship;

**As a research methods**, comparison with the experience of other countries in this field, systematic analysis, logical generalization, statistical analysis, etc. type methods were applied.

**The scientific novelty** of the research is as follows:

-The organization of individual entrepreneurship in the petrochemical industry and the increase of its efficiency have been studied for the first time;

-Systematic analysis was carried out by grouping the existing theoretical ideas in the explanation of the concept of individual entrepreneur and demonstrating their evolution [7];

-Classified types of individual entrepreneurial activity, their scope, concept, socio-economic tasks, functions and individual quality [16];

-The basic scheme of organization of support for individual (micro) entrepreneurship in Azerbaijan, the algorithm of monitoring of private enterprises in the petrochemical industry, as well as the system of interaction between these entrepreneurs and the fiscal and government agencies are proposed in the form of a scheme [13] ;

-System indicators have been identified to assess the performance of individual entrepreneurs operating in the petrochemical industry [12] ;

-The development of a program to support individual and micro-entrepreneurship in the petrochemical industry is economically justified and the directions to be reflected in its content are indicated [12,13];

-Proposals were submitted to improve the tax system and lending mechanism for individual entrepreneurship in accordance with international practice [17; 21] ;

**Theoretical and practical significance of the research** is that its main provisions, practical results and proposals are used to accelerate the development of individual entrepreneurship in the industry, including the petrochemical industry, a comprehensive assessment of their activities, the development of specific programs to stimulate individual entrepreneurship in industry. in regulation, credit mechanism, etc. It can be used as an alternative source in the process of improvement, in the development of strategies and concepts, in the improvement of management activities in this industry.

**Approbation and application of research.** The main results of the dissertation, methodological and practical proposals, recommendations were published by the author in the materials of 7 national and international scientific conferences held in different countries, were awarded certificates and diplomas.

In 9 foreign countries (two of them are high-level journals indexed in the international market) on the topic of the dissertation in the scientific journal and conference materials recommended by the EAC, 8.5 ch.v. 21 articles and theses were published.

**The dissertation work was carried out at Odlar Yurdu University.**

**The structure and total volume of the dissertation.**

Dissertation: introduction - 13441 marks, chapter I - 68038 marks, chapter II - 74366 marks, chapter III - 102721 marks, conclusion - 9326 marks, the list of used literature consists of 281387 marks, including 25228 marks. There are 22 tables, 4 graphs, 7 pictures in the dissertation. The volume of the dissertation without taking into account the tables, pictures, diagrams and used literature is 232738 characters.

# **MAIN CONTENT OF THE DISSERTATION**

## **INTRODUCTION**

### **CHAPTER I. Theoretical and methodological bases of organization and management of individual entrepreneurial activity**

1.1. The essence, types and distinctive features of individual entrepreneurship

1.2. State regulation of the organization of individual entrepreneurial activity

1.3. Methodological aspects of economic evaluation of individual entrepreneurship entities engaged in industrial activity

### **CHAPTER II. Assessment of the current state of organization of individual entrepreneurship in the petrochemical industry of Azerbaijan**

2.1. Characteristics of the petrochemical industry and its role in the development of the country's economy

2.2. The general nature of individual entrepreneurial activity and the pace of development of the industry on this indicator

2.3. Analysis of the activities of individual entrepreneurs operating in the petrochemical industry and their share in the total volume of the refining industry

### **CHAPTER III. The main directions of effective organization of individual entrepreneurship in the petrochemical industry**

3.1. Formation of the mechanism of state regulation of individual entrepreneurial activity in the context of new challenges

3.2. Improving the tax system applied to individual entrepreneurship

3.3. Favorable modernization of the credit provision mechanism of individual entrepreneurs

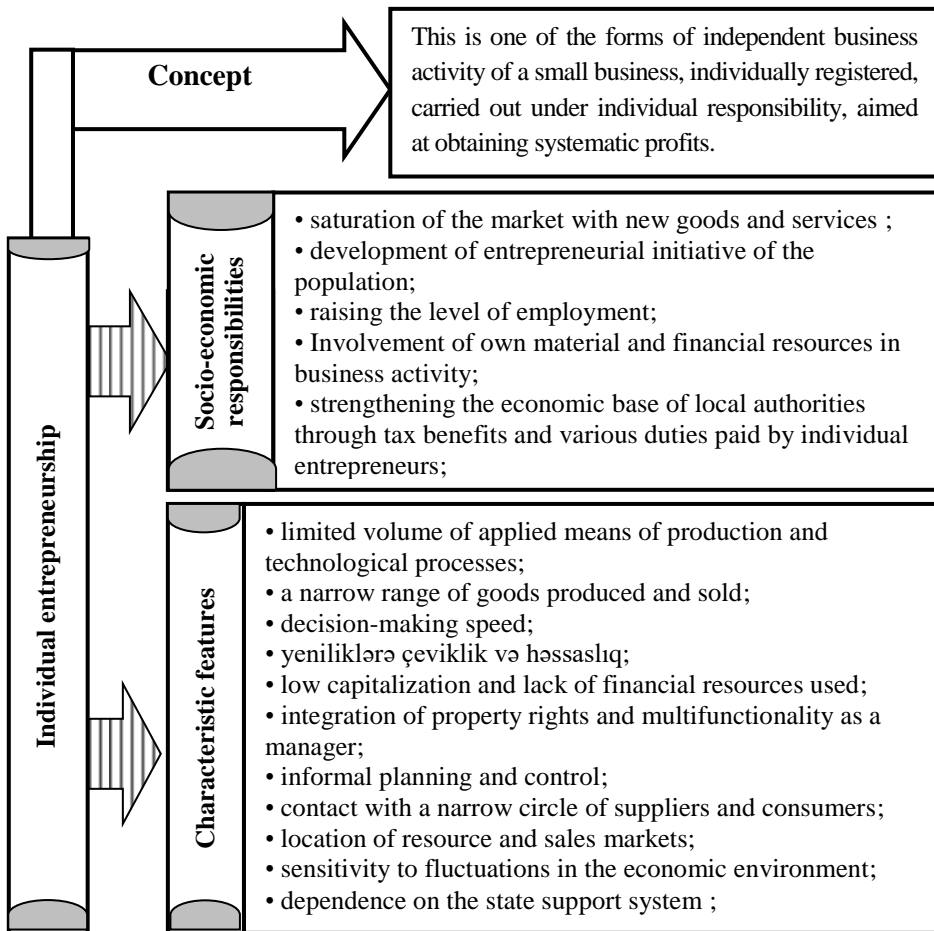
## **CONCLUSION**

## **LIST OF REFERENCES**



## MAIN SCIENTIFIC PROVISIONS PROVIDED FOR DEFENSE

**Regulation 1. Study and generalization of the literature on the subject and a systematic approach to the nature, types, socio-economic tasks, main functions and important individual qualities, pros and cons of individual entrepreneurship, taking into account the specific features of the petrochemical industry;**



**Figure 1. The essence, socio-economic tasks and characteristics of individual entrepreneurship (compiled by the author).**

Individual businesses that are able to respond immediately to changes in market conditions provide the necessary flexibility to the economy and grow rapidly as demand increases. In the event of a decrease in demand, a certain number of individual entrepreneurs close their businesses or turn to other activities, as a result of which they are responsible for eliminating fluctuations in the economic situation.

In order to explain more clearly the essence of individual entrepreneurship, it is first necessary to distinguish its types.

One of the most common types of individual entrepreneurship is ordinary (simple) activity. Entrepreneurs who start this type of business are engaged after registration, do not need any permits, agreements, licenses, etc., the scope is very wide and over time their number and purpose may increase.

Type of individual entrepreneurship operating on the basis of a license - is carried out on the basis of a list approved and approved by the executive authorities and requires a special permit. includes.

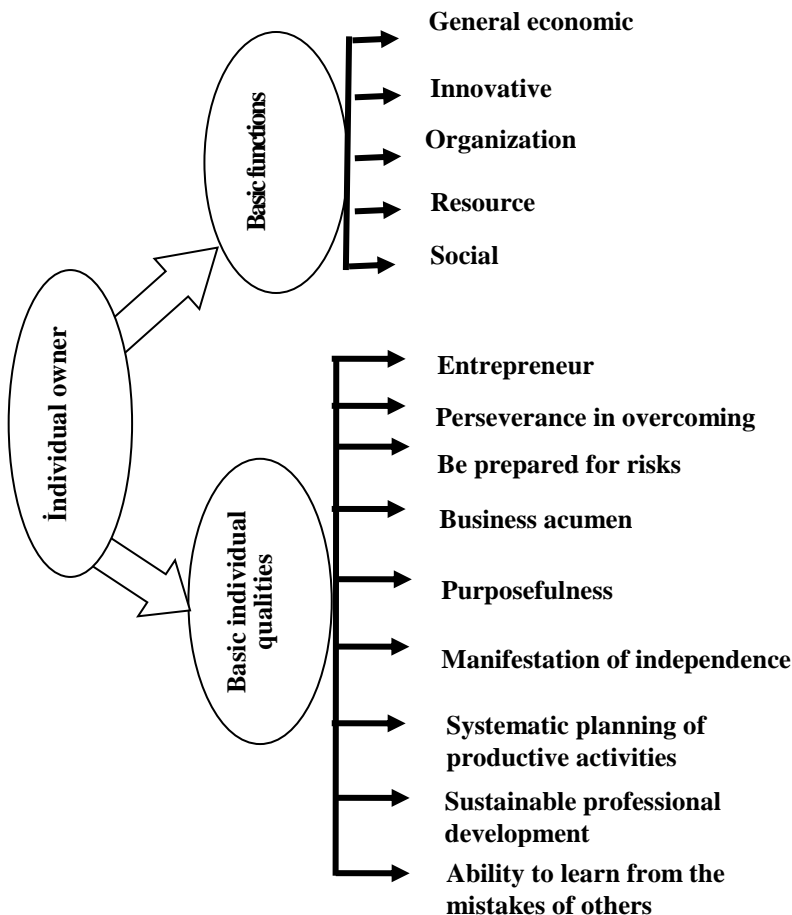
Closed activity - includes the implementation of the development, production and sale of military, poisons, drugs, etc. by individual entrepreneurs.

It is necessary to note the following concept, socio-economic responsibilities and at the same time the characteristics of individual entrepreneurship. (picture 1.)

The main functions and personal qualities of an individual entrepreneur are reflected in Figure 2, compiled by you.

In general, let's note that, all this shows that individual entrepreneurship is characterized by its pros and cons. Their classification is reflected in the work.

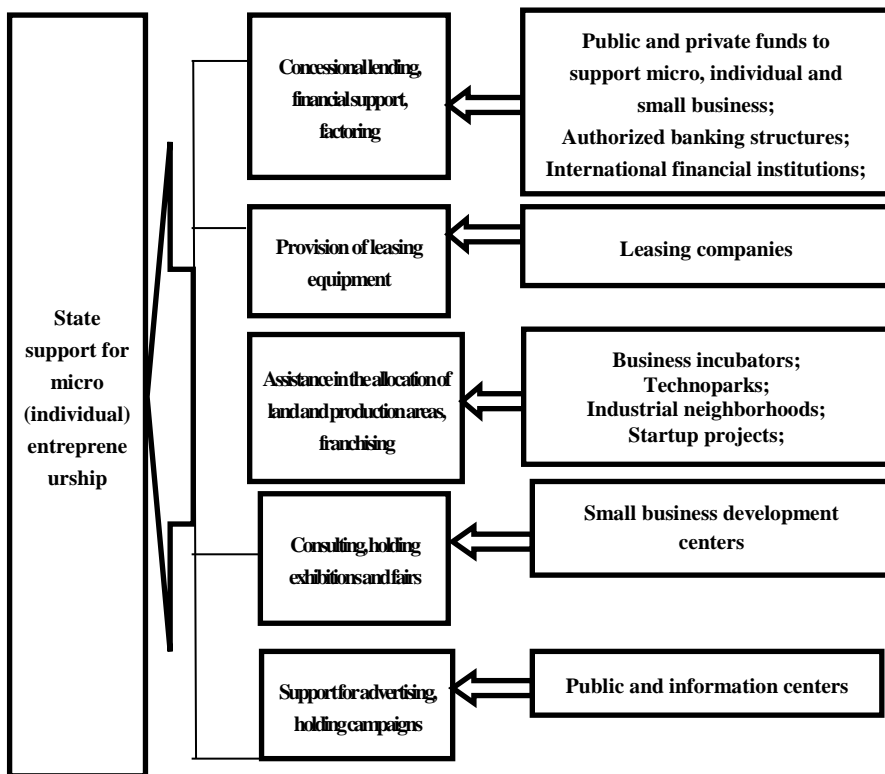
It must be considered that individual entrepreneurship always exists in a market economy. Since resources and demand are often local and specific, they do not allow for large-scale production. The development of individual entrepreneurship depends on increasing the purchasing power of the local population and the development of service infrastructure. and is limited by the tax burden imposed on individual entrepreneurs by the state.



**Figure 2. Classification of the main functions and important personal qualities of an individual entrepreneur (compiled by the author).**

**Regulation 2. Directions on state regulation of the organization of individual entrepreneurial activity in the context of new challenges, their system of interaction with fiscal and state bodies, main tasks of the state in this field, directions of regulation of formation and development of individual entrepreneurship;**

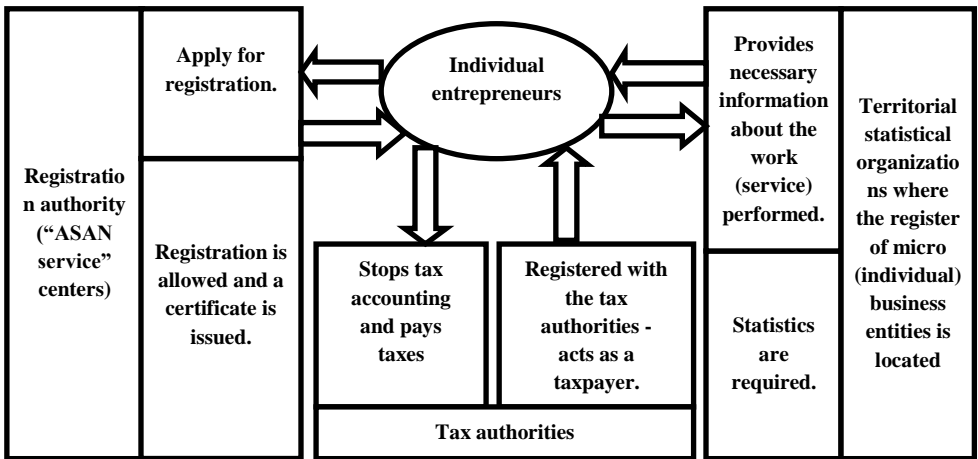
State assistance to them in state regulation of individual entrepreneurship, state registration of individual entrepreneurship entities, determination of rules for issuing special permits (licenses) for certain types of activities, state protection of entrepreneurs' legal and legitimate interests, state control over entrepreneurial activity and legal responsibility of entrepreneurs In addition to the above, state support for individual (micro) entrepreneurship should be implemented in other areas as well. We believe that its organization includes the following: should do (Figure 3.).



**Figure 3. Schematic diagram of support for individual (micro) entrepreneurship in Azerbaijan (developed by the author).**

A system of relations between individual entrepreneurs and fiscal and government agencies is being formed. The principal scheme of the system of relations of individual entrepreneurs operating in the petrochemical industry enterprises of Azerbaijan can be shown as follows (Figure 4.)

In the context of these relations, the main task ahead is to carry out the following activities: - Increasing the competitiveness of goods and services, the development of exports and the state's access to international markets; -development of the structures of the largest organizations, including the strengthening of ties; -implementation of patent policy, etc. .



**Figure 4. Schematic diagram of the system of interaction with individual entrepreneurs operating in the petrochemical industry of Azerbaijan with fiscal and government agencies (developed by the author).**

In order to further expand the activities of individual entrepreneurship, there is a need for the implementation of complex organizational and economic measures. These measures are formed

in the context of the development of the studied industry.

**Regulation 3. Classification of models and system indicators formed to evaluate the work of business entities engaged in industrial activities;**

As a rule, in order to measure the production efficiency of individual entrepreneurship, it is preferable to calculate the indicators of profitability, profitability of production, capital turnover. But the truth is that these financial indicators used in practice do not fully reflect the reality. The internal economic structure of the enterprise must include the unity of production and financial activities. Therefore, it is important to use a unique system of indicators in addition to the indicators required for evaluating the financial situation of each individual business entity and measuring production efficiency.

As for the mentioned production area, the general evaluation should be done with the help of a number of indicators. Those indicators should be classified according to the following directions (Figure 5). It is also important to add the manufacturer's price index.

Currently, there are a number of serious problems in the field of industry that hinder the effective operation of individual entrepreneurs. To address them, the following measures should be taken: • Improving the efficiency of infrastructure used to support individual entrepreneurship; • Improving and monitoring the implementation of regulations ; • providing financial, credit and investment support; • personnel, scientific-methodological and information support to individual entrepreneurship entities and etc.

Improving the use of fixed capital in private enterprises is reflected in the financial results of the enterprise: increased production, reduced production costs, improved product quality, reduced property taxes and increased balance sheet profits.

The following important factors must be taken into account, including the results of its work:

The individual entrepreneur must first of all make a realistic assessment of the economic situation of both the enterprise and its existing and potential partners;

<b>System indicators for assessing the level of development and efficiency of individual entrepreneurship</b>	<b>Indicators reflecting the scale of individual (micro) business activity.</b>	<b>Total number of individual (micro) business entities :</b> <ul style="list-style-type: none"> <li>▪ Number of newly created individual (micro)entities during the year;</li> <li>▪ Number of individual (micro)entities liquidated during the year;</li> <li>▪ The share of individual (micro)entities in the total number of employees of the enterprise;</li> <li>▪ Distribution of individual (micro) business entities by sub-sectors of the petrochemical industry;</li> <li>▪ Number of individual (micro) entrepreneurs per 1000 field workers;</li> <li>▪ Amount of assets of individual (micro) business entity;</li> <li>▪ Value of fixed assets of these entities;</li> </ul>
	<b>Indicators of investment activity of an individual (micro) enterprise.</b>	<ul style="list-style-type: none"> <li>▪ Investing in fixed capital;</li> <li>▪ The share of the investment in the field directed to the main capital by the individual (micro) subject;</li> <li>▪ Ratio of investment to the main capital;</li> <li>▪ Ratio of investment to net profit;</li> </ul>
	<b>Indicators of innovation activity of individual (micro) enterprises.</b>	<ul style="list-style-type: none"> <li>▪ Number of innovation—oriented (active) business entities ;</li> <li>▪ Number of innovations implemented;</li> <li>▪ Share of intangible assets in the property structure of an individual (micro) enterprise;</li> <li>▪ The total amount of innovative products of enterprises;</li> <li>▪ Specific weight of innovative product of individual (micro) enterprise;</li> </ul>
	<b>Indicators characterizing the efficiency of individual (micro) entrepreneurship</b>	<ul style="list-style-type: none"> <li>▪ Net working capital ;</li> <li>▪ Receipts from sales;</li> <li>▪ Stock and material yield;</li> <li>▪ Labor productivity ;</li> <li>▪ Sales profit;</li> <li>▪ Net profit ;</li> <li>▪ Product profitability;</li> <li>▪ Return on assets;</li> <li>▪ Accounts receivable and accounts payable;</li> <li>▪ Financial sustainability;</li> <li>▪ Volume of residual product;</li> <li>▪ The share of the profit of the individual (micro) business entity during the year in the profit generated by the industry;</li> </ul>
	<b>Indicators reflecting the role of individual (micro) business in the socio-economic development of the sector.</b>	<ul style="list-style-type: none"> <li>▪ Number of employees in individual (micro) enterprises ;</li> <li>▪ Average number of employees in one individual (micro) enterprise;</li> <li>▪ The share of individual entrepreneurs in the total number of employees working in the field ;</li> <li>▪ Salary fund of employees in individual (micro) enterprises;</li> <li>▪ Average monthly salary of employees in the enterprise;</li> <li>▪ The share of individual (micro) enterprises in the production of products in the field;</li> <li>▪ Amount of tax payments;</li> <li>▪ The amount of taxes paid by an enterprise during the year;</li> </ul>

**Figure 5. Classification of system indicators necessary for assessing the role and status of individual (micro) business in the development of the petrochemical industry (developed by the author).**

Detection of quantitative and qualitative changes in the economic situation of individual entrepreneurship, modeling of economic growth, regulation of economic development strategies and tactics;

Compare the obtained results with competitors, forecast the main trends in the economic situation of the business entity in the form of scenarios.

**Regulation 4. A system of complex measures developed on the basis of reserve opportunities and their effective use, identified as a result of analysis and evaluation of the current state of the organization of individual entrepreneurship in the petrochemical industry of Azerbaijan on the basis of long-term statistical, primary accounting and reporting documents;**

According to the statistical results of recent years, we can note that in the general ranking of individual entrepreneurs operating in the processing industry, the production of rubber and plastic products is in 2nd place, and the petrochemical industry is in 12th place. A total of 3,534 individual entrepreneurs operated in both areas.

7.0% of individual entrepreneurs operating in the petrochemical industry are engaged in the general petrochemical industry and 93.0% in the production of rubber and plastic products. The following changes took place in their production (Table 1).

The volume of products produced by these entities fluctuates. Information on the volumes of products produced by individual entrepreneurs operating in the production of rubber and plastic products in the economic regions of the country by years is shown in Table 2.

In this field of economic activity, the highest production index of individual entrepreneurs in 2017-2021 belongs to Baku, Absheron, Ganja-Gazakh and Aran economic regions, and the lowest production volume belongs to Upper Karabakh, Guba-Khachmaz and Nakhchivan economic regions.

Despite the achievements, there are still problems in the development of individual entrepreneurship in the petrochemical industry on a regional basis. First of all, it should be noted that the



vast majority of individual entrepreneurs working in this field operate in Baku.

**Number composition of individual enterprises producing petrochemical industry, rubber and plastic products, their production volume, thousand man. .**

**Table 1.**

Indicators	Years					The rate of change in 2019 compared to 2015, in percent
	2017	2018	2019	2020	2021	
Volume of products produced by individual entrepreneurs operating in the petrochemical industry	1800,0	1563,8	3265,9	3737,1	3094,6	+71,9
The share of the petrochemical industry in total output, in percent	0,35	0,30	0,55	0,57	0,18	-
Volume of products produced by individual entrepreneurs operating in the field of rubber and plastic products	10762,8	18202,4	17025,1	19556,1	7047,3	- 34,5
Share in the total production of rubber and plastic products, as a percentage	3,55	5,45	4,35	5,21	1,79	-

**Source: Prepared by the author on the basis of information obtained from ARDSK.**

It is expedient to have centers that will contribute to the development of the country. First of all, this center should pay attention to the organization of sales activities of individual entrepreneurs producing products in the petrochemical industry, finding buyers, access to foreign markets.

Unfortunately, individual entrepreneurs do not conduct marketing research before production. Although this is one of the most important directions in planning activities in Western countries, we also have a different approach. Even as a result of the formation of a single electronic database, the information buyer center can create opportunities to connect with potential buyers through the information center. As a result of providing online access to these centers from the regions, it is possible to create an important database for the country.

**Volume of products produced by individual entrepreneurs operating in the field of rubber and plastic products by economic regions, thous. manat.**

**Table 2.**

<b>Manufacture of rubber and plastic products</b>	<b>Production volume of individual entrepreneurs</b>					<b>The rate of change in 2019 compared to 2015, in percent</b>
	<b>2017</b>	<b>2018</b>	<b>2019</b>	<b>2020</b>	<b>2021</b>	
Baku city	1050,0	3364,3	3975,7	5486,5	1685,5	+ 160,5
Absheron	1354,1	1742,7	3014,3	3871,4	956,1	- 29,4
Ganja-Gazakh	1207,1	1102,0	1426,1	1713,5	896,5	- 25,7
Sheki-Zagatala	911,7	1184,2	1582,8	1697,5	524,9	- 42,4
Lankaran	901,0	882,2	1197,2	1789,2	512,1	- 43,2
Guba-Khachmaz	500,0	720,3	1205,3	967,4	422,4	- 15,5
Aran	1229,4	2189,5	3203,7	4487,6	805,4	- 34,5
Upper Karabakh	45,8	87,6	92,8	78,6	262,8	+ 5,7 times
Kalbajar-Lachin	-	-	-	-	-	-
Mountainous Shirvan	827,5	789,5	1234,7	1562,5	431,4	- 47,9
Nakhchivan	2736,2	6140,1	92,5	484,8	540,2	- 81,3

**Source: Prepared by the author on the basis of information obtained from ARDSK.**

Organization of innovation activities hinders the production of competitive products that meet international quality standards and can be sold in foreign markets. The share of petrochemical products in the composition of imported industrial products is high. All these facts necessitate fundamental changes in the direction of innovative development of the industry.

At the same time, it is necessary to develop and implement a targeted innovation program in the petrochemical industry. For this purpose, the following practical, scientific and methodological approaches should be preferred:

▶ Calculating compliance of activity standards in petrochemical industry products processing enterprises with internationally accepted methodology;

▶ Study and justify the application of advanced technological processes and equipment to the production process;

▶ Ensuring the increase of profits of enterprises from marketing activities, etc.

### **Regulation 5. Mechanisms of state regulation of individual entrepreneurship formed in the context of new challenges;**

The development of individual entrepreneurship in the spheres of economic activity of our country is slow and somewhat inefficient for the following reasons:

- Inadequacy of the regulatory framework in terms of business regulation;

- Incomplete processes of infrastructure formation and diversity of management forms, their non-compliance with the principles of market relations;

- Poor coordination of training and retraining of personnel in the field of entrepreneurship, etc.

In order to achieve high economic results in this area, it would be expedient to pay special attention to the following:

-Increasing the level of innovation-type individual entrepreneurship in the processing industry, giving preference to a step-by-step and different approach to industries, both in financing mechanisms and in industry policy;

- Carrying a strong social security status of the legal framework related to entrepreneurial activity, etc .;

**Regulation 6. The expediency of developing a long-term program to support individual and micro-entrepreneurship in the petrochemical industry, its structure and classification of complex measures considered necessary for its implementation;**

Taking into account that 45% of the enterprises operating in the petrochemical industry of Azerbaijan have micro status, 3534 individual entrepreneurs produce products (work, services) and their share accounts for approximately 10-30% of the annual output of the field, state support to those business entities to provide, to ensure their sustainable socio-economic and innovative development, to improve the existing mechanism in these directions, it would be appropriate to develop and approve the "Individual and micro-entrepreneurship support program for the years 2021-2025 in the petrochemical industry".

In our opinion, the content of this program should reflect the following important areas:

- Improvement of the existing regulatory framework;
- Providing financial and investment support to individual and micro-business entities;
- Application of preferential tax and credit system;
- Application of new technologies, advanced forms and methods of management;
- Application of advanced systems to motivate the work of individual and micro entrepreneurs;
- Development of young and women's entrepreneurship by creating a "Business School";
- Establishment of business incubators;
- Development and implementation of startup projects (by economic regions);
- Formation of infrastructure to support individual and micro entrepreneurship (legal advice, application of ICT, technology transfer, accounting, methodological support in the development of business plans, logistics services, staff training, training, etc.);

In the context of the implementation of this program, the establishment of the Center for Entrepreneurship Development in the Petrochemical Industry as a non-profit organization and the establishment of the Subsidy Fund on its basis will allow financing individual and micro entrepreneurs and implement the following organizational and motivational measures. : -receiving the necessary information for the study of best practices; -conducting business excursions; -collecting information about competitors and providing it to entrepreneurs; - provide organizational assistance to the process of analysis and evaluation of the results of business plans, etc.

**Regulation 7. Directions for improving the tax system applied to individual entrepreneurship, taking into account international experience;**

If we want to achieve improved results on the taxation mechanism, we can do this by taking into account the type of development of other pro-economic regulatory elements. The tax policy applied for this purpose should be analyzed at the macroeconomic level.

As in many countries around the world, the tax mechanism applied in our country must take into account the characteristics of the people's economic and political development. These features should be reflected in the application of the tax mechanism in real life. It is expedient to take into account a number of issues that form the mechanism of taxation in our country in modern times:

- stimulation of consumption, expansion of self-financing in order to encourage entrepreneurs.

- improvement of the mechanism of rewarding from time to time in accordance with the operations carried out in order to increase the interest of business entities in non-cash transactions;

- improvement of the existing legal framework of the country in accordance with modern international requirements;

- Implementation of rapid activities to fully electronicize the measures implemented in the tax system;

- formation of a more advanced electronic tax system and various types of benefits for foreign and foreign businesses in foreign countries to invest in or operate in the country;

-improvement of differentiating criteria in accordance with the types of activities of entrepreneurs engaged in sales activities (wholesale or retail), etc.

**Regulation 8. Practical tools and recommendations for the modernization of the mechanism of credit provision of individual entrepreneurs, taking advantage of the existing experience of economically developed countries;**

In order to improve the credit guarantee mechanism, it is necessary for the commercial banks operating in the country to make certain improvements in the collateral section when issuing loans to individual entrepreneurs.

In order to meet the financial needs of individual entrepreneurs, in accordance with international practice, the launch of additional credit cooperatives in addition to existing banks in our country can increase efficiency in this direction.

- implementation of state programs based on international experience in providing subsidies to existing individual entrepreneurs;

-reduction of tax rates of banking organizations lending to individual entrepreneurs;

-Develop and implement a system of government subsidies for credit institutions to support the development of individual entrepreneurship.

It is even more expedient to take the following measures to improve the lending mechanism for individual entrepreneurship:

- Allocation of a larger part of the annual soft loans allocated by the National Fund for Entrepreneurship Support of the Ministry of Economy of the Republic of Azerbaijan to "individual entrepreneurs" in all regions of the country;

- The Central Bank of the Republic of Azerbaijan to make appropriate demands to credit institutions in connection with the transfer of a certain part of loans issued by credit institutions to individual entrepreneurs and take measures to stimulate this procedure;

- Development of individual entrepreneurs by participating in various grant competitions with the support of the Ministry of

Economy, education of this category of people and the implementation of projects in accordance with the criteria for projects to be adopted in category "C" ("projects of individuals") adding the criterion "support";

To summarize, individual entrepreneurs must always use innovations and innovations, improve and implement their creative ideas in order to find ways to access financial resources. At the same time, they should be assisted by state support, financial support from credit institutions and business incubators, and reforms to improve the credit mechanism should be further improved in line with international practice.

**The following conclusions were reached on the research work:**

The scientific researches, analyzes and studies carried out in the thesis allow us to come to the following conclusions:

1) First of all, the quantitatively small number of individual entrepreneurial activities in the petrochemical industry should be considered a negative situation for the progress of the non-oil sector.

2) Inadequate levels of professionalism and specialization of business entities operating in the petrochemical industry is considered to be a factor that prevents them from obtaining the necessary level of income.

3) The small number of seminars and trainings held with private business subjects in the country, as well as the lack of interest of private business subjects in these events, both inside and outside the country, have an impact on development.

4) In the process of state regulation of individual entrepreneurial activity, there are gaps in the regulation of individual entrepreneurial activity despite the adoption of various laws, decrees and decrees over the years.

5) Inadequate use of the existing infrastructure for the purpose of supporting individual entrepreneurs, failure to provide adequate financial, credit, or investment support, failure to provide scientific-methodical, information and personnel support can be mentioned as other problems in this field.

6) According to the indicators of the last years in the petrochemical industry, although the rate of growth in production has been observed over the years, the small share of the growth percentage in the total industrial sector is a sign that this field is not at the required level.

7) The small volume of products sold both within the country and abroad indicates that the population within the country is not fully supplied with the products of the petrochemical industry, and the income in this field from outside the country is small.

**Proposals and recommendations in the direction of increasing the economic efficiency of individual entrepreneurial activities in the petrochemical industry:**

- In order to properly divide investments made in different directions, the state should implement a regulatory policy;

- A mechanism based on international experience should be formed to attract foreign and domestic investors;

- Cooperation with international financial institutions and organizations in the field of investment in individual entrepreneurial activity in the petrochemical industry should be expanded.

- For foreign investors, a stable legal-normative base in accordance with international standards should be formed.

- High amounts of investment should be made in the production of petrochemical industry products that are resistant to competition in foreign markets and conform to quality indicators accepted at the international level;

- The petrochemical industry should be rapidly developed by taking advantage of the country's existing resources;

- There should be an official website that characterizes the state of individual entrepreneurial activity in our republic, and transparent and detailed information should be placed on the website about subjects registered and active in the non-oil field (including the petrochemical industry). The creation of the necessary information portal is a kind of transparency. can be written as an indicator, and at the same time it will be easier to obtain information related to this area.



- A "coordinating" institution should be established, which will help in the formation of relations between foreign investors and local private entrepreneurs interested in the development of the petrochemical industry;

-Investment policy should be formed in order to build infrastructure that meets modern requirements;

- In order to create a healthy environment for entrepreneurs and eliminate existing problems, the state should implement a policy of improvement;

-Analyzing the current situation of leasing opportunities, this activity should be carried out with lighter conditions in favor of entrepreneurs;

-In addition to Baku and Sumgayit, both local and foreign investors should be attracted for the purpose of creating new petrochemical enterprises by taking advantage of the resources available in the regions and evaluating the infrastructure potential of the region;

- Necessary infrastructure and institutional supports should be formed in order to develop individual entrepreneurial activity in the petrochemical industry in the regions;

- Gaps related to the regulation of individual entrepreneurial activity should be filled with newly adopted laws, legislative acts, orders and decrees;

- In order to ensure the sale and export of manufactured products, private entrepreneurs should be attracted to newly created trade zones at the borders;

-Individual, micro and small business subjects should be actively involved in the management structures of clusters and industrial districts;

- International experience should be used more, in accordance with those experiences, the country should prepare a mechanism for improving the development of individual entrepreneurial activity;

-Opportunities should be created for people of retirement age who have worked in the petrochemical sector to perform individual entrepreneurial activities, and their experiences should be benefited;

- Necessary information should be provided to the producers of petrochemical industry products regarding the changes in the domestic and foreign markets;

- The process of delivery of petrochemical industry products from producers to consumers should be in a more advanced form that responds to technological innovations;

- High loan interest rates, heavy collateral requirements and a number of other circumstances that create difficulties in the financing of individual entrepreneurial activities should be eliminated;

- Among the divisions of the non-oil sector, priority areas should be selected, the petrochemical industry should be included there, and targeted programs should be drawn up, which envisage the development of these areas;

- The economic mechanism should be improved, i.e. such a structure of motivational and management methods, organizational structures should be formed that will allow the enterprise to easily adapt to constantly changing conditions and stand on its feet with confidence;

At the same time, there are some obligations that fall on the individual entrepreneur, and business subjects should pay attention to their fulfillment at the necessary level;

- first of all, they should spend the obtained loan funds and depreciation deductions of the EIF;

- more priority should be given to the implementation of targeted innovation projects, according to the results of the year, a part of the obtained profit should be directed to the application of innovation technologies, and a new type of product production should be achieved;

- against the background of the implemented measures, the creation of high-paying workplaces, the use of waste-free, low-material and energy-intensive technologies, the use of enterprise and field standards, and the transition to international standards should be ensured, increasing the volume and range of export-oriented quality product production that replaces imports;

- electronic payments should be preferred in their production, supply and sales activities;

- against the background of efficient organization of marketing activity, the amount of residual product should be reduced to a minimum, etc.

- opportunities and resources should be used to the maximum, that is, potentials should be systematically identified and used.

We think that the steps and measures to be taken in the direction of the development of individual entrepreneurship in the petrochemical industry should be strengthened. Due to these measures, it is possible to reduce the prices in the market and increase the level of self-sufficiency with the products of the petrochemical industry in our republic.

We believe that in order to achieve the sustainable development of individual (micro) entrepreneurship in the studied industry, it would be appropriate to create a Subsidy Fund for the purpose of drawing up and implementing a program in this direction for the years 2021-2025. given.

**The main content of the research is reflected in the following works published by the author:**

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