

# The Participation of the Tajiks in the Development of Small and Medium-Sized Businesses in the Russian Far East

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**Abstract.** The paper deals with the problem of the small and medium-sized businesses development in the Far East. It is noted the importance of small business development in the region, which has a number of advantages in comparison with large-scale production, namely: it provides wide freedom of market choice and the additional job places, etc. The development of small and medium-sized businesses in the Far East is primarily the interests of the state to attract foreign as well as domestic investment and contribution to the economy of the Russian Federation. So, as the population of the Far East tends to leave, the influx of migrants - including the Tajiks - is increasing more and more. Mostly Tajiks are engaged in small and medium business in the Far East. The development of small and medium-sized businesses for Tajik entrepreneurs is primarily a permanent place of work, profit from business income, as well as meeting the needs of the population.

## 1. Introduction

At present, one of the most important areas of economic policy of the Russian government is the development of the Far East of the country. The authorities' close attention to this region is determined by several reasons. First, the state in the dynamically developing Asia-Pacific Region (APR) is mainly represented by the Russian Far Eastern territories, which are a springboard for exporting Russian products to the APR markets; secondly, the Far Eastern territories of Russia, experiencing economic and social problems, need an additional impetus to development. An important step towards the intensification of social and political life in the Far East of Russia became the adoption of the Federal Law No. 473 "On the territories of advanced socio-economic development in the Russian Federation" in December 2014 [11]. The relevance of the study of Tajik-Russian relations can be traced to the need for comprehensive development of relations between countries in the future in bilateral and multilateral formats. Today, the main issues of relations between Tajikistan and Russia are reflected in the work of Tajik and Russian scientists, including researches by Talabshohi Kholiqzoda [5], Saodat Olimov and Igor Bosk [4], Nazarov T.N. [3], Vachnadze G.N. [6], Butenko Y.A. [2], Borisov A.A. [1].

The development of small and medium-sized businesses is a springboard to the creation of large business enterprise in the region, contributing to the formation of the middle class. The middle class in modern society acts as a warrant of political stability, which is also an important fact. Thanks to it, there are created new job places, which make it possible to use local resources more efficiently, to redistribute production costs during significantly short investment cycles.

The paper analyzes the involvement of Tajiks in economic activities in the Far East of Russia. Such a policy is promising and mutually beneficial. It should be used different mechanisms to attract Tajiks to the development of small and medium-sized businesses in the Russian Far East, which will lead to the development of the Russian region as a whole.

## **2. Theoretical part**

Due to the demographic crisis in Russia, are being affected all industries. There is a shortage of new specialists in developing areas of the economy, which leads to the need to attract labor resources from among migrants from different countries of the near and far abroad. One of the states whose labor resources are actively involved in economic activities in Russia is the Republic of Tajikistan. The flow of Tajik migrants to Russia is increasing every year. If in 2018, 551 thousand 504 Tajiks [9] left for the Russian Federation as labor migrants, then in the first quarter of 2019 alone, 87 thousand 546 of the Tajikistan citizens, including 76 thousand 257 men and 11 thousand 288 women, left for Russia for labor migration[19].

The head of the Russian Federation, Vladimir Putin, at a meeting of the State Council in 2015 stated the need to create a new position at the federal and regional levels to solve the problems of small and medium-sized businesses [17]. In Presidential Decree No. 204 of May 7, 2018 “On the national goals and strategic objectives of the development of the Russian Federation for the period up to 2024” [18], he once again recalled support for the development of this industry.

The Russian legislation is very loyal to foreign investors: according to Art. 4 of the Federal Law № 160 dated 07/09/1999 “On foreign investments in the Russian Federation” [10] a national legal regime has been established for foreign capital. This means that the companies with foreign capital use the same conditions, work rules and benefits for doing business as Russian organizations, with insignificant exceptions. The features of doing business in Russia for foreigners are concluded only in their legal status as the organizers of this business. In order to open own company, a foreign citizen must observe a few simple conditions. Tajiks, as foreign citizens, draw up all the necessary documents in accordance with the established procedure. They need to:

- legally reside or reside in Russia, in particular on the basis of refugee status, temporary residence permit (TRP) and residence permit (RP);
- at the time of opening a business to pass registration records at the place of residence / stay;
- obtain a work permit or patent - if a foreign founder plans to take a position in a company or does not have a TRP/RP;
- it is necessary to issue the TIN in the tax authorities;
- to apostil, translate and notarize all documents submitted to the registrar, if they are written in a foreign language.

There are no other features, procedures or registrations specifically determined by Russian legislation for foreign beneficiaries and entrepreneurs. All other procedures, ranging from filing an application, deadlines and methods of registration and ending with submission of reports to the funds and the tax service, are carried out in the same manner as by the Russians. As fellow citizens, the citizens of Tajikistan are actively seeking to get s Russian citizenship in accordance with p. 7, Art. 14 of the Federal Law “On Citizenship of the Russian Federation” N 62-FL dated 05/31/2002 (hereinafter, in this article - on the granting of citizenship under the program of resettlement of compatriots) [12]. After all these procedures, a citizen of the Republic of Tajikistan becomes a full-fledged citizen of the Russian Federation legally.

In general, small and medium businesses are a reliable source of cash inflows to state non-budgetary funds and budgets of all levels. At the same time, the development of small and medium businesses in the country is strongly hindered because of the lack of opportunities and depends on the needs of unstable economy. This process is going on not easy and slowly, so the indicators for the development of small and medium businesses are still low.

Despite the manifestation of the crisis, the devaluation of the national currency, the raw material dependence of the Russian economy and many other problems, including bureaucratic ones, the

Russian Federation remains attractive for foreign investments, including investments from Central Asian countries, as well as from Tajikistan. During the period from 2005 to 2018, the number of Tajiks in the Far East increased from 18 to 2054 people. In 2018, 1880 of Tajiks lived in the Khabarovsk kray, 11- in the Magadan Oblast, 155 - in the Jewish Autonomous Oblast (JAO), and 8 - in the Chukotka Autonomous Okrug [7]. Despite the large flow of Tajiks, only a part of those who came is involved in entrepreneurial activity. The rest of the citizens of the Republic of Tajikistan receive education, they work in the field of health care, serve in military units, work in construction and transport (drivers, railwaymen, etc.). The entrepreneurs are primarily faced with the language barrier. Other problems include those related to competition with the local population and came to the Far East Azerbaijanis, Uzbeks, etc. In order to attract consumers, Tajiks bring exotic products from their country. However, this issue is also fraught with risks, because the products may be spoiled or there will not be in demand from the local population.

In order to have a good business, entrepreneurs need to expand it, that is, it is needed to have several outlets in different places that are attractive to a larger number of consumers (buyers). However, the solution of these problems is not easy.

In recent years, there has been observed a decrease in the number of entrepreneurs on the background of a decrease of the population as a whole in the Far East of Russia. This can be seen in table 1.

**Table 1.** The subjects of small and medium enterprises Far East Federal Okrug [13].

No	Far East Federal Okrug		The subjects of small and medium business (%)		
			2016-2017 December [14]	2018 December [15]	2019 May[16]
1	Chukotka Region	Autonomous	1	1	0
2	Jewish Region	Autonomous	2	2	1
3	Sakhalin region		9	9	7
4	Magadan Region		3	3	2
5	Kamchatka Kray		6	6	5
6	Amur region		10	10	9
7	Khabarovsk region		20	20	17
8	Primorsky Kray		34	34	28
9	The Republic of Sakha (Yakutia)		15	15	13

The niches that the Tajiks occupy today are different from previous years. Under the USSR, many Tajiks served in the territories of Siberia and the Far East of Russia, except for this they were “shuttle traders”. To date, the Tajiks occupy the niches of middle level and above – from a professional athlete to the famous singer in the Russian Federation [8]. Each year the number of Tajiks in the Far East is becoming more and more. They are engaged in small and medium business as citizens of the Russian Federation, and they are no longer considered as foreign national citizens. In the Far East they engaged in activities in various fields - from manufacturing to services. It is clear that any capital, whether it is foreign or purely Russian, it is, first of all, a combination of the factors of the desire to earn and risk. A small and medium-sized business for most Tajiks is trade. At the moment, the trade is conducted in the form of grocery markets, shops and boutiques, in which products are imported from different countries, including from Tajikistan. Over the past year the flow of Tajiks increased, many

Tajiks come to the Far East of Russia mainly for earning, most of them live with their families and are developing, developing at the same time the Far East of Russia.

### **3. Conclusions and offers**

The problems of the development of small and medium-sized businesses of the Far East Tajiks are concluded in difficulties in obtaining the land, registration of licenses, permits, problems with the high cost of rent, the increase of taxes for entrepreneurs and unnatural reduction of the number of inhabitants significantly reduces purchasing capability. It is becoming more and more difficult for small and medium businesses to survive, because, in addition to these processes, large Moscow capital enters the region, networks of supermarkets, hypermarkets and so on. Tajik employment in the Far East of Russia is visible in areas such as: health care, transport, business and religious institutions. Tajiks are filling the labor shortage in various areas of the Far Eastern economy, while at the same time tackling the issue of the demographic crisis in the Far East. It should be noted that in order to be profitable for them to be consolidated in the region, a number of conditions need to be created for those arriving from neighboring countries:

1. In the activities of border, customs and other law enforcement services to ensure informational transparency regarding migrants.
3. The government agencies should implement a system of information on the rules for entry, registration, work permits and sanitation, medical services, and return to their homeland.
4. To create some kind of adaptation system for the host society and labor migrants.

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