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Just 3% of Small Russian Businesses Last More Than 3 Years

By The Moscow Times

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A study by Russia's Public Chamber has found that just 3.4 percent of small and midsized businesses launched in Russia survive for more than three years, news website Garant.ru reported.

These statistics were brought forward by Dmitry Sazonov, chairman of the chamber's commission on the development of small and midsized business, during a hearing on the effectiveness of state support for these enterprises, the report said.

But while survival rates were dismally low overall, almost 90 percent of businesses who received state support made it past the three-year threshold, Sazonov said, citing data from Russia's Economic Development Ministry.

This indicates that state support is effective, but difficult to access, he said. Only 3 percent of small and midsized businesses received state support last year, and almost 80 percent

of entrepreneurs have never taken part in state programs.

The problem is also one of information: 34 percent of entrepreneurs do not even know that state support for small business exists, Sazonov said.

At the same time, the process of receiving government support is littered with bureaucratic complications that can make life even more difficult for fledgling business owners.

"Some banks have even told us that they recommend businessmen don't receive support, because then they will have problems with their accounting," Sazonov said.

Cumbersome bureaucracy is widely seen as one of the major obstructions to the development of small business in Russia.

The commission's study surveyed 700 businesses and 140 experts spread out across 47 regions in Russia.

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