

**POVERTY REDUCTION BASED ON SMALL BUSINESS AND  
ENTREPRENEURSHIP DEVELOPMENT**

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**Annotation:** the article describes the concept of poverty, describes the conditions, principles, foreign experience and ways of effective use of the importance of small business and private entrepreneurial activities in reducing poverty in the region.

**Keywords:** poverty, poverty reduction, poverty rate, unemployment, poverty.

**Introduction.** In the last decades in the world economy, the role of the state in the regulation of the economy, theoretical and practical views on the participation of poverty reduction through the development of small businesses and entrepreneurship in the provision of economic development are radically changing. According to a report by the International Financial Fund (IMF), today 90 percent of enterprises in the world belong to small and medium-sized businesses, which employ 63 percent of the population of the whole world.

In ensuring socio-economic development in our country, the development of small business and private entrepreneurship has been identified as an important direction. It should be noted that a solid legislative and legal framework for the development of the industry is being formed and regularly improved, the state provides systematic assistance in issues of granting benefits and preferences for business, technical and technological re-equipment of production and modernization.

Systematic measures are carried out in areas such as state regulation of this sector, including increasing its share in the production and employment of gross domestic product, improving the technological structural structure, meeting the need for credit resources and creating a favorable business environment. As a result of such significant investments, by the end of 2021, the share of small business and private entrepreneurship reached 58.9 percent in gross domestic product, 40.6 percent in the volume of industrial products, 98.4 percent in the volume of agricultural products, and 35.8 percent in the volume of investments in fixed capital.

77.9% of the total working population is working in this sector. Improving mechanisms for the development of small business and entrepreneurial activities in poverty reduction, improving the efficiency of these processes, creating a comfortable working environment for small businesses, effective use of monetary mechanisms of regulation, increasing its participation in the foreign economic sphere, increasing the opportunities for poverty reduction by creating new jobs and increasing the income of the population, introducing innovative ideas and technologies into practice

In our society, "the population should live happily, agreeing today from the state, and not only in the hope of tomorrow... poverty reduction does not mean increasing the amount of monthly or pension, leading to joppas. To do this, first of all, it is necessary to introduce a system of vocational training of the population, increasing financial literacy, arousing a sense of entrepreneurship in people, improving infrastructure, educating their children, quality treatment, payment of addressable benefits"<sup>1</sup>. Thus, the concept of poverty reduction has been the subject of a variety of opinions by economists.

The word "poor" is given three footnotes in the "Explanatory Dictionary of the Uzbek language". These are: 1. Living in need, there was not enough of what he needed to make a living; poor, poor, poor. 2. Not enough; less, lacking. 3. In a portable sense. Someone who is in a difficult or miserable situation<sup>2</sup> described as.

President Of The Republic Of Uzbekistan Sh.M. In his address to the Supreme Assembly, Mirziyoev spoke about poverty for the first time in his history, sung on January 29, 2020. Through his efforts, a number of decrees and decisions have been made on the implementation of appropriate measures to end poverty, and he has been providing relevant instructions on the development of several state and territorial programs for their implementation.

Analysis of thematic literature. While poverty is understood by a group of scientists to mean the lack of an opportunity to meet a person's primary needs (food, clothing, housing, education, and Health), another group of scientists-the inadequacy of freedom of choice, and the third-the constant circle of obstacles in the field of social, educational and Health, which undermines a person's participation in

In terms of population income inequality and the relationship between poverty and economic growth, d. Ricardo, R. Solou, A. Sen, A. Many classical neoclassical economists and Nobel Prize laureates, such as ditont, have conducted theoretical and empirical studies that, based on an analysis of gross domestic consumption, technological development, labor productivity, population health, tax base and other similar factors, have theoretically proven that in low-poverty societies, economic growth rates will be higher<sup>3</sup>. Issues related to poverty, its identification and reduction have been duly studied by a number of domestic and foreign economist scholars, researchers and practitioners.

<sup>1</sup> Ўзбекистон Республикаси Президенти Шавкат Мирзиёевнинг 2020 йил 29 декабрдаги Олий Мажлисга Мурожаатномаси. <https://review.uz/oz/post/poslanie-prezidenta-uzbekistana-shavkata-mirziyoyeva-oliy-majlisu>.

<sup>2</sup> Ўзбек тилининг изоҳли луғати, Т.:

<sup>3</sup> **Deaton A.** (2013) *The Great Escape: Health, Wealth, and the Origins of Inequality*, Princeton, N.J.: Princeton University Press 27; **Ricardo David** (1817) *On the Principles of Political Economy and Taxation*. Piero Sraffa (Ed.) *Works and Correspondence of David Ricardo*, Volume I, Cambridge University Press, 1951, p. 135. 33; **Solow, Robert M.** (February 1956). "A contribution to the theory of economic growth". *Quarterly Journal of Economics*. 70 (1): 65–94. doi:10.2307/1884513. 34; **Sen A.** (1981) *Poverty and Famines: An Essay on Entitlement and Deprivation*. Oxford: Clarendon Press;

N from the CIS countries. I. Baranets, I. V. Barbashin, O. I. Vitkovskaya, D. A. Volkov, T. A. Gurko, S. O. Among the kalendzhyans and Uzbek economic scientists and researchers, Q. X. Abdurahmanov, Sh. R. Kholmominov, R. F. Djumanova, N. M. Ibragimova, M. Z. Mukhitdinova, B. Pardaeva, K. S. Saidov, P. Z. In the scientific research of khashimov and others, issues related to poverty were tried to study in depth as a special problem<sup>4</sup>.

**Research methodology.** The justification of the main features inherent in the significant ways of small business and entrepreneurial activity in poverty reduction is explained by issues related to poverty, its identification and reduction. During the study, monographic observation, systematic approach, analysis and synthesis methods were used.

**Analysis and results.** It is no secret that in countries living in conditions of a market economy and stabilization of the economy, part of the population cannot fully meet its material and spiritual needs due to low income. Poverty is a special case of people's lack of material support, when the income of an individual or the socially necessary consumption for the lives of families does not allow to be maintained. Such a layer of the population is called the poor. The level of income and poverty of the population can be determined by the selective observation of families and by the normative method. Under selective observation, a family's income is considered poor when it is several times lower than the country's average income. In particular, in Uzbekistan, poverty is determined by the normative method. In this method, the most necessary set of food, istemol items and services is determined on the basis of values. This value constitutes the istemol budget. The income corresponding to the minimum istemol budget or part of IT (example 50% percent) is called the poverty line.

And in order to "break" this fixed limit, the increase in entrepreneurial activity among the population is darcor. In particular, the most common form of entrepreneurial activity – small business and family entrepreneurship-is a way out of poverty.

Small family entrepreneurship is the most common form of entrepreneurial activity in the world and relies on centuries-old traditions. In countries with a developed market economy, family firms form the basis of the well-being and development of society, a large part of the goods produced and the services provided correspond to their responsibility. At the same time, the development of small family business is of great importance for the country not only economically, but also socially and politically. Although hattoki is the smallest, there will be a goal that he aspires to in a family with his own business, the reason that he raised his children, what he inherited. Such

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<sup>4</sup>Q. X. Abdurahmonov, SH. R. Xolmo'minov "Mehnat iqtisodiyoti va sotsiologiyasi". - O'quv qo'llanma -T.: O'zbekiston yozuvchilar uyushmasi Adabiyot jamg'armasi nashriyoti, 2004 y. Djumanova R. F. Aholi turmush darajasi: ko'rsatkichlari va uni oshirish yo'llari. Dissertatsiya. Toshkent 2008 yil 103-114-betlar Ibragimova N. M. Otsenka vliyaniya rosta doxodov na potrebitelskoye povedeniye. // (Mater. I Forumu mol. ekonomistov, 15 iyunya 2012 g.) Tashkent: IFMR, 2012 g., s. 261-266.20. Ibragimova N. M. "Aholi iste'molini makroiqtisodiy prognozlashtirishning uslubiy yondashuvlarini takomillashtirish" Iqtisodiyot fanlari bo'yicha falsafa doktori (PhD) dissertatsiyasi avtoreferati. Toshkent –2019 y. 24. Mustafoulov SH. I. "Kambag'allik ayb emas, biroq ...". "Xalq so'zi" gazetasi, 2020 yil 25 mart, № 62 (7564). Muxitdinova M. Z. "Aholi turmush darajasini baholash: tahlil va samara" - Xalqaro moliya va hisob ilmiy elektron jurnali. № 2, aprel, 2019 yil. Pardayeva B. "Sostav doxodov i sotsialnaya zashita naseleniya". 19 -ye Mejdunarodnoye Plexanovskiye chteniY. M.:2006 , s32-33. Saidov K. S. va boshqalar. Sotsial iqtisodiyot -T.: "O'zbekiston", 2006. 365 Saidov M. X., Nasriyev I. I. va boshqalar Ijtimoiy himoya: atamalar izohli lug'ati.-T.: "O'zbekiston Milliy kutubxonasi", 2007. -B. 436. Xashimov P. Z. "Ekonomika sotsialnoy sferi". -T.: «Universitet», 2002. 210 s.

a kilib is formed in the country a middle class of owners who can gradually work for themselves and at the same time bring significant income to the state. The middle class is the basis of the social and political stability of society.

The adoption of the law of the Republic of Uzbekistan "on family entrepreneurship" established the legal framework for the development of small family businesses in our country. In this law, a generalised definition of family entrepreneurship is given to the concept of family entrepreneurship: "family entrepreneurship is an entrepreneurial activity carried out by family members with the aim of taking risks and obtaining income (profit) under their own property responsibility<sup>5</sup>,

Family entrepreneurship is understood as entrepreneurial activity aimed at obtaining income (profit) on a legal basis, taking risks of family members and other hired participants who support them and taking the status of a natural or legal person under their own property responsibility. Indeed, in this definition, the entrepreneurial activity of the household is fully covered. First, in family entrepreneurship, hired employees can also participate, along with family members. Secondly, the source of income is based on their property liability and risk. Thirdly, it is envisaged that it is necessary to operate on a legal basis in order to achieve this, and not just for them to make income.

The decision-making of family entrepreneurship solves several socio-economic problems in our country:

first, it establishes a class of small businesses and private owners, which are the main driving force of the market economy.

secondly, it creates the opportunity to enrich the market of our country with consumer goods and various services.

thirdly, it reduces the number of residents who are not employed and allows its active kism to be involved in production (performance of work, service).

fourth, the ESA becomes a major factor in raising the most important problem, family income. For this reason, it is necessary to develop family entrepreneurship, to achieve a high level of production of competitive products (work, services). This requires human beings to seek, to take initiative, to discover new inventions.

On March 26, 2020, the decree of the president of the Republic of Uzbekistan "on the organization of activities of the Ministry of economic development and poverty reduction of the Republic of Uzbekistan and its system organizations" and on December 3, 2021, the presidential decrees "on measures to organize activities of deputy governors on issues of entrepreneurship development, employment and poverty reduction in the neighborhood" were adopted.

Based on this decision, from January 1, 2022, the position of assistant mayor of the district (city) was established on issues of entrepreneurship development, employment and poverty reduction in each municipality, village, Ovul, as well as in each neighborhood. The introduction of a system of Deputy Governors makes a sharp turn in the policy aimed at combating poverty in our country.

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<sup>5</sup> O'zbekiston Respublikasining "Oilaviy tadbirkorlik to'g'risida"gi Qonuni. 2012 yil 26 aprel. //Xalq so'zi, 2012 yil 27 aprel. - 2 b.

In our research, theoretical and methodological approaches to the study and measurement of poverty were analyzed in three main groups.

1. The absolute concept is more based on the definition of the direct lack of the most consumption: food, clothing, housing, long-term used goods ("consumer basket"), determined by the total cost of assessing the subsistence minimum.

2. The relative concept-determines the relatively worst case of a person in relation to the level of total income in the country, since the indicators of well-being are not associated with small incomes. Small needs, but the level of material supply prevails in one thing or another.

3. The subjective concept is based on an assessment of one's own financial situation and standard of living. Created by the people themselves. Subjective estimates of poverty are significantly higher. Calculations, first of all, are lower than the minimum of living in a population with a monetary income compared to the indicator.

In order to reduce the above poverty, several practical works are being carried out in the Republic of Uzbekistan.

Loans within the framework of programs for the development of family entrepreneurship based on the recommendations of the deputy governors in all districts of the country; support for employment is provided at the expense of the state fund and the public affairs fund, the fund for the support of farmers, farmers and landlords, the women's book fund, the youth book fund, subsidies It follows that the introduction of a system of Deputy Governors makes a sharp turn in the policy aimed at combating poverty in our country. After all, as the head of our state noted, the deputy governor is the representative of this president in the neighborhoods, who is a person who serves to get out of poverty by teaching entrepreneurship and agriculture, while working with the population every day to convey to people the financial opportunities created by the state. The task of creating at least one new job every day was set by the head of our country to each governor. At least 30 new jobs will be created in a month. When doing this, the population with an intention to engage in entrepreneurship is given the information necessary for the implementation of entrepreneurship and guidance is provided. In short, there is a great emphasis on increasing employment. To assess the effective result of these reforms, a system of indicators is being developed, for example, a per capita income level in each neighborhood or a system of indicators covering the number of entrepreneurs in each neighborhood, the size of the developed tomorks and hokozos, and since February of this year an assessment system will be introduced based on these indicators. Evaluation refers to the activities of each deputy governor being evaluated and encouraged or taken action through this system of indicators"<sup>6</sup>.

**Conclusion.** In order to reduce poverty, it is necessary, first of all, to strengthen the focus on lowering the unemployment rate. In this regard, it will be of great effect to pursue an active and influential policy in support of those who cannot independently help Uzi, to attract the resources of the society and the private sector to these goals.

We believe that poverty should be measured not only by the level of income, but also by the level of consumption. The problem of working poverty should be considered with a focus on:

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<sup>6</sup> <https://review.uz/oz/ag5>

when determining the level of poverty, it is necessary to compare the subsistence minimum not with the real one. Income of the population, but accrued income, which includes hidden income, wages, income of owners, payments in kind, income from subsidiary farms and other properties;

for the working population, spending on the consumer basket should be included in education and professional training and retraining.

For example, in cooperation with NGOs, there is a great need to develop the most advanced programs for training our people in entrepreneurship and to strengthen the activity of NGOs in vocational training. It is necessary to develop a type of workmanship. In this case, it is difficult to create the opportunity to use financial resources for the purchase of modern machines, equipment, raw materials and materials. It is necessary to help cashiers find customers, expand their cooperation with business entities. It is also necessary to take measures aimed at expanding the system of professional training, retraining and professional development for persons in need of employment, creating optimal conditions, taking into account the needs of the market.

To increase the real income and purchasing power of the population, for this it is necessary to dramatically increase the volume of production of goods and services per capita, that is, labor productivity, by correctly establishing the social division of Labor.

It is advisable to create microcluster structures in the targeted use of preferential loans and population droplets, which are being allocated for the elimination of the poverty of the population layer living in a state or border.

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