

FACTORS OF SMALL BUSINESS DEVELOPMENT AND CREDIT ISSUES

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This article describes the microfinance services provided by the commercial banks of our republic to small business entities in order to create a convenient financing system for the expansion of small business and private entrepreneurship activities, the implementation of crediting opportunities for business entities' projects.

Key words: small business, private entrepreneurship, family business, competition, commercial banks, forms of lending, Central Bank.

Данная статья посвящается развитию малого бизнеса и частного предпринимательства, описаны микро финансовые услуги республиканских коммерческих банков, создания ими благоприятных условий для расширения предпринимательской деятельности, реализации проектов и кредитования малого бизнеса предпринимательских субъектов.

Ключевые слова: малый бизнес, частное предпринимательство, семейное предпринимательство, конкуренция, коммерческие банки, формы и виды кредитования, Центральный банк.

In the decision of President Sh. Mirziyoyev of April 19, 2022 "On measures to further expand the financing mechanisms of entrepreneurial projects in the regions" No. 300 million US dollars from the funds of the Recovery and Development Fund to commercial banks to finance the activities of small business entities of the Ministry of Investments and Foreign Trade, the Ministry of Finance and the Central Bank in order to further develop small and medium entrepreneurship by ensuring the implementation of the allocation of the credit line is determined in the equivalent.

It is known that in developed countries, economic growth has been achieved by establishing small and private business enterprises and developing their activities in all sectors of the economy. World experience shows that small business enterprises can adapt to market demand in a shorter period of time than medium and large enterprises, organization of labor, establishment of new production capacities, and their effective use are realized relatively faster in small enterprises.

In the current period, the lack of timely assessment of changes in economic processes has led to the low level of cultural services in the trade and household sectors and the lack of wide use of the opportunities for the development of paid services. One of the most important tasks is to meet the demands of the population, to organize services to people at a high-quality level, and to implement fundamental reforms in the network. Small and private entrepreneurship and the development of skills related to this process increase the level of adaptation of enterprises to market relations, and most importantly, it is an effective tool for employment of the population. At the same time, it allows citizens to own not only their own property, but also property intended for production, creates a basis for the formation of social strata interested in democracy and social stability, and creates ample conditions for increasing employment and income of the population. and it also prevents sharp differences between these layers.

The development of small and medium-level production, on the one hand, leads to a multi-level mixed economy, and on the other hand, it is the basis for accelerating the formation of the middle class of owners.

Under the conditions of modernization of the economy in Uzbekistan, the development and support of entrepreneurship, in particular, small and medium-sized businesses, has become one of the important directions of the ongoing economic reforms. Because this industry occupies a significant place in the economy with a number of socio-economic features, creates a healthy competitive environment, gives mobility to the activities of large enterprises, effectively affects the demand and supply in the market, satisfies the needs of the population and production. confirms that it has great potential.

Small and medium-sized businesses in the country's economy:

- is the main factor in the creation of the national investment environment;
- leads to drastic changes in all aspects of production, quickly creates enterprises suitable for flexible industrial production;
- plays an important role in increasing the level of social employment of the population and creating additional jobs;
- is one of the main factors in establishing free competition relations;
- plays an important role in creating various production industries.

Small business sectors play an important role in the economy of different countries. This sector provides the necessary speed in the conditions of the market economy, creates deep specialization in production and branched cooperation. After all, it is impossible to imagine high efficiency without them. For example, more than 90 percent of the more than 19 million independent firms in various fields in the United States are small businesses. In Japan, there are more than 10 million

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independent companies, which are part of medium and small enterprises, and 99 percent of them operate in the small business sector. More than 50 percent of the gross product produced in the USA and Japan is accounted for by such enterprises.

Commercial banks are of particular importance in the development of small and medium-sized businesses. The continuous increase in the volume of loans allocated by commercial banks led to an increase in the forms, types and amounts of lending to a specific sector of the economy, first of all, small business and private entrepreneurship.

In 2015, loans granted by commercial banks of Uzbekistan to small business entities amounted to 12,459.1 billion soums, 16630.8 billion in 2016. soums, 19564.7 billion in 2017. 30,648.8 billion soums in 2018. soums, 55430.0 billion in 2019. soums, 48389.7 billion in 2020. 59,552.1 billion soums in 2021. amounted to 69,770.3 billion soums in 2022. exceeded soums. This is 17.2% more than in 2021.

In terms of financial support for small business, a total of 59.6 trillion will be allocated to more than 436,000 projects in 2021 for the purpose of financial support for the development of small business entities, including family business, entrepreneurial initiatives of women and young people. Soum loan funds were allocated.

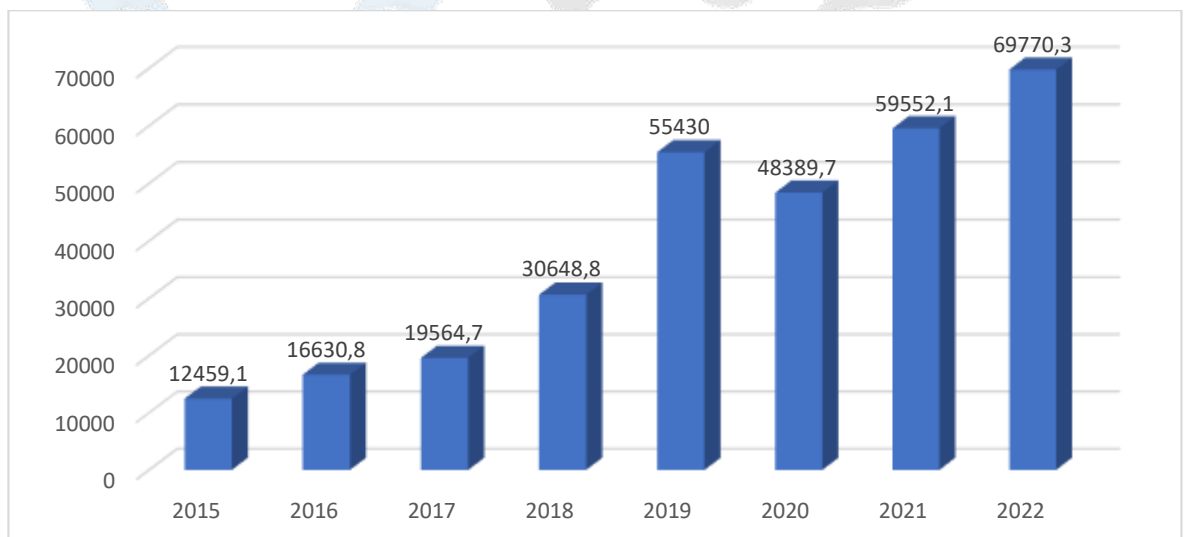


Figure 1. The amount of loans granted by commercial banks of the Republic of Uzbekistan to small businesses and private entrepreneurs, billion soum.

Source: Report on the activities of the Central Bank of the Republic of Uzbekistan in 2015-2022.

In 2021, 2.2 billion will be allocated to finance nearly 13,600 projects of business entities at the expense of foreign credit lines. 1.9 billion for more than 14,000 projects in the amount of US dollars, including directly (without state guarantee) funds. Loans in the amount of US dollars (86 percent) were directed.

1420 mln. of these loan funds. USD (65 percent) industrial sector, 258 mln. USD (12 percent) agricultural sector, 253 million. US dollars (12 percent) in the service sector and 250 mln. US dollars (11 percent) were given to subjects of trade and general catering. In 2021, the Central Bank has assigned a number of tasks to commercial banks in the State Program for the implementation of the "Year of Youth Support and Public Health Promotion" and regional socio-economic development programs. In this regard, the main focus is on small projects that create new jobs, increase the volume of production and services, and ensure the employment of the population, especially young people and women, within the framework of family business development programs together with local governments. and aimed at allocating loans to directions that serve to create permanent sources of income. A total of 24.3 trillion in the last 4 years as part of family business development programs. Many preferential loans were allocated from soums, and through this, more than 983 thousand families were able to start entrepreneurship and engage in activities aimed at earning income. On average, 110 out of 1,000 households in the country started their own business activities within the framework of these programs. In terms of regions, a relatively high level of housing coverage under state programs was observed in Navoi (247 out of a thousand), Namangan (211), Syrdaryo (186) and Jizzakh (155) regions. In 2021, a total of 8.6 trillion will be allocated to 352 thousand projects within the framework of family business development programs. more than soums of preferential loans were allocated. In particular, 3.5 trillion will be allocated to more than 150,000 projects in order to support the entrepreneurial initiatives of young people. 3.8 trillion soums and 3.8 trillion for 206 thousand projects for preferential financing of women's business projects. soum loans were directed. 1.8 trillion of loans allocated within the framework of the family business development program. soums (20 percent) of legal entities and individual entrepreneurs, 6.8 trillion. soums (80 percent) will be contributed by self-employed individuals. In 2021, 37.8 percent of the loans within the programs were allocated by Agrobank, 37.1 percent by Xalq bank, 23.9 percent by Mikrokreditbank, and 1.2 percent by Turonbank.

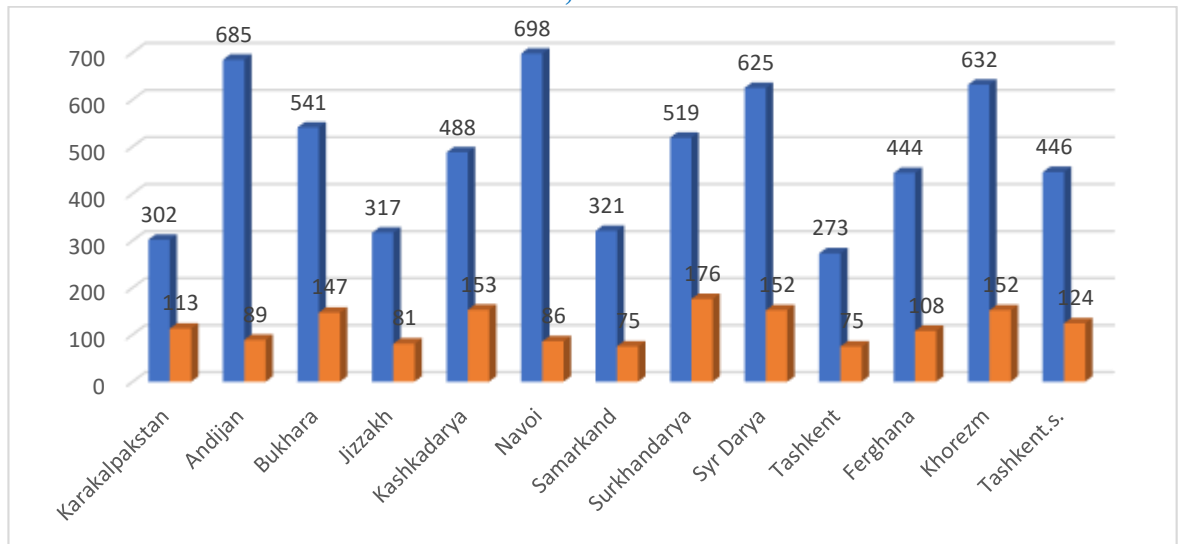


Figure 2. Loans allocated within the framework of family business development programs in 2021, billion soums.

Source: Report on the activities of the Central Bank of the Republic of Uzbekistan in 2021.

In order to simplify the appropriate decision-making process of banks regarding the allocation of loans within the programs and to reduce the human factor in the allocation of loans, the President of the Republic of Uzbekistan No. on events" was adopted. According to it, loans based on the opinion of the assistant mayor on the issues of development of entrepreneurship, employment and poverty reduction by the neighborhood assembly of citizens to the borrower living in the neighborhood attached to him: fully digitized Separation of family business development programs through a single electronic platform; free purchase or sale of goods and services based on market principles at the expense of allocated loans using the "marketplace" system created on a single electronic platform; it was determined that assistant mayors should monitor the purposeful use of loans allocated within the framework of the programs and their effectiveness, and take appropriate measures together with sector leaders and commercial banks for the timely return of loans. In order to ensure the implementation of this decision, from April 1, 2021, a system for accepting loan applications from residents and business entities through the "Single Electronic Platform of Family Entrepreneurship Development Programs" (www.oilakredit.uz) was introduced.

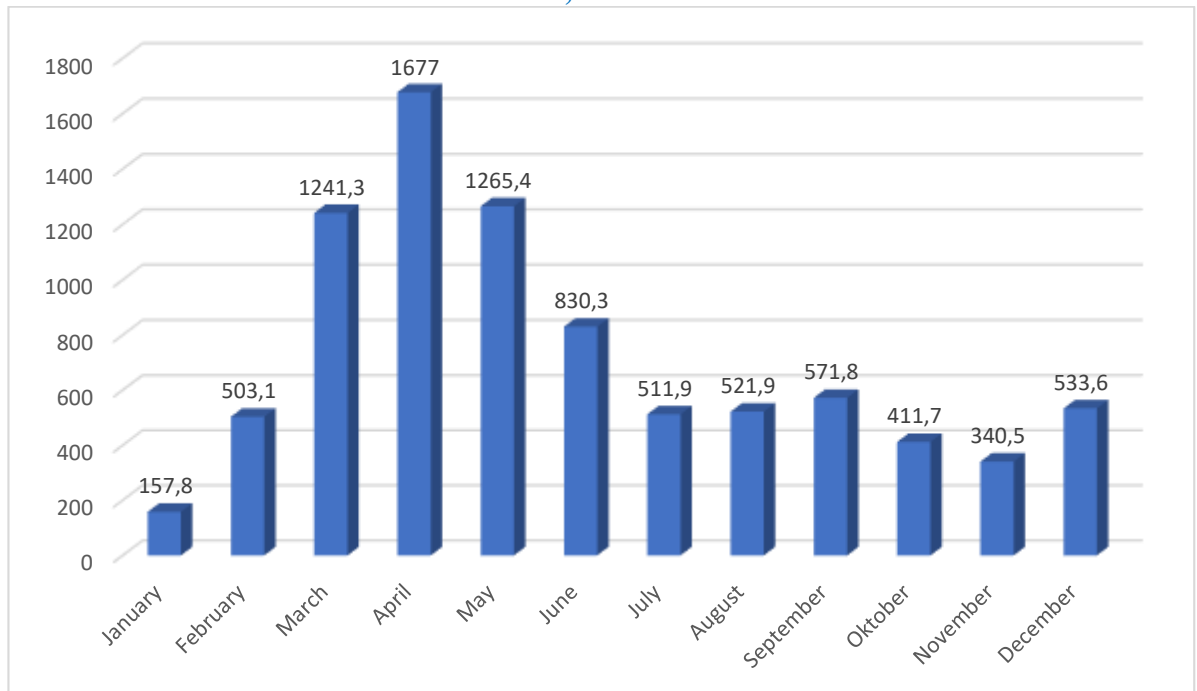


Figure 3. Changes in loans allocated within the framework of family entrepreneurship development programs in 2021, by months, in billion soums.

Source: Report on the activities of the Central Bank of the Republic of Uzbekistan in 2021.

On this platform, loan applications are reviewed online at all stages, and information about the decision taken at each stage is provided through the Single electronic platform (SMS-notification, e-mail or personal cabinet).

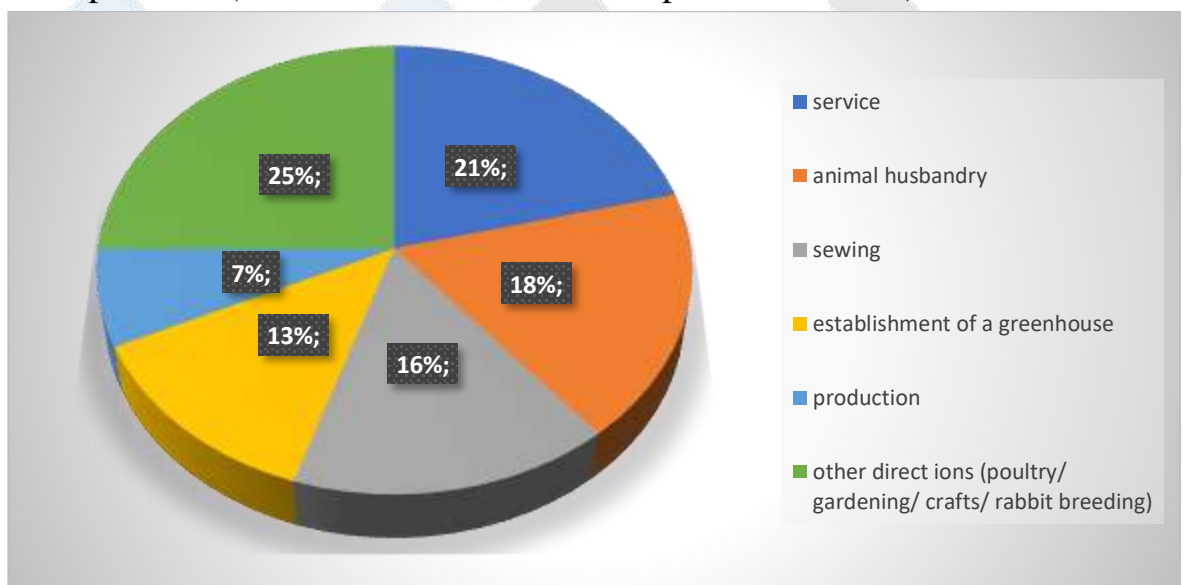


Figure 4. In 2021, the allocation of loans allocated within the framework of Family Business Development Programs by purpose, in trillion soums.

Source: Report on the activities of the Central Bank of the Republic of Uzbekistan in 2021.

1.7 trillion of the loans allocated in 2021 within the framework of the programs. livestock breeding, 2.0 trillion soums. service provision, 2.5 trillion soums. 1.2 trillion soums to production sectors. soums for the establishment and development of a greenhouse and 1.2 trillion. soums were directed to horticulture, poultry farming, rabbit breeding, handicrafts.

The following have increased the lending opportunities of commercial banks for projects of small businesses and private enterprises:

- Taking into account the pace of the refinancing rate of the Central Bank, reducing the % rates on loans to production micro-firms, small and medium-sized enterprises;

- development of a mechanism for efficient use of reserves in the Central Bank in order to encourage the increase of funds directed to lending to production micro-enterprises, small businesses and private entrepreneurship, etc. In our opinion, for the further development of small businesses in Uzbekistan, the use of convenient methods for issuing documents required during their activities; attract foreign credit lines and increase the provision of preferential loans; establishment of leasing services for the import of foreign small technologies by the state; taking into account the importance of state subsidies in the sale of manufactured products; ensuring the guarantee of social protection of entrepreneurs and buyers; In order to study the situation of need and demand for manufactured products, it is necessary to establish a republican information system, and the full and high-quality performance of such tasks will serve as a factor for the development of industry entities.

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