

THE ROLE OF COMMERCIAL BANKS IN FINANCING SMALL BUSINESSES IN UZBEKISTAN

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Abstract: This scientific article examines the effective use of investments in the activities of small businesses in our country and the issues of improving the structure of investments involved in this sector. The existing problems are identified and the author's views for solving them are substantiated, and a mechanism for coordinating the interests of investors is developed.

Keywords: Small business, investment, investments structural structure, investment resource, investment policy, the main capital, "Invests interests".



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Introduction

In the global economy, the activities of small business entities are developing more and more, becoming the most important aspect of the republic in ensuring national and global competitiveness. High efficiency of small business depends on many factors as well as effective use of investments. The characteristics of operations resulting from the compactness and certain limitations of their scale increase the need to support and encourage the process of making investments in late-stage businesses.

Literature analysis. Russian research scientists Raizberg B.A. and according to others, "A small business is an entrepreneurial activity of a small size." Other Russian scientists, in particular Korelsky V.F., Gavrilov R.V. s focused more on small business, and they stated that "small business is a small and medium-sized enterprise that has its place in the market, has a structure, the volume of service and product production is based on consumer demand, administratively independent from the state and state bodies, and in an economically protected system."

World experience shows that the main indicator of enterprises of various organizational and legal forms belonging to small business entities is, first of all, the average number of employees employed in the enterprise during the reporting period.

A.M. Kolesnikov, one of the Russian economists, expressed the opinion in his research that "at the modern stage of the development of small business and private entrepreneurship, the lack of own funds and difficulties in attracting loan funds lead to a decrease in the efficiency of their activity." Based on the opinion of this scientist, we can indicate a number of problems of small business lending:

- insufficient development of the demand of entrepreneurs regarding the purposefulness and availability of credit financing;
- the low level of transparency of the bank's requirements to debtors and problems related to liquidity provision, the need to develop special lending technologies;
- lack of improvement of the legal framework;
- availability of two types of accounting reports to minimize tax payments in small

businesses.

Methods

Induction, deduction, statistical observation, statistics in the implementation of research from tables and graphs, as well as statistical and comparative analysis methods used. Statistical analysis for Uzbekistan Statistics Committee of the Republic statistical data received.

Result and Discussion

As a result of the measures implemented in the Republic of Uzbekistan, the share of small business entities in the gross domestic product in 2021 was 54.9 percent, in 2020 this indicator was 55.5 percent. We believe that the main reason for the decrease in the share of small business entities in GDP in 2020 compared to 2020 is the increase in the share of large enterprises in GDP (Figure 1).

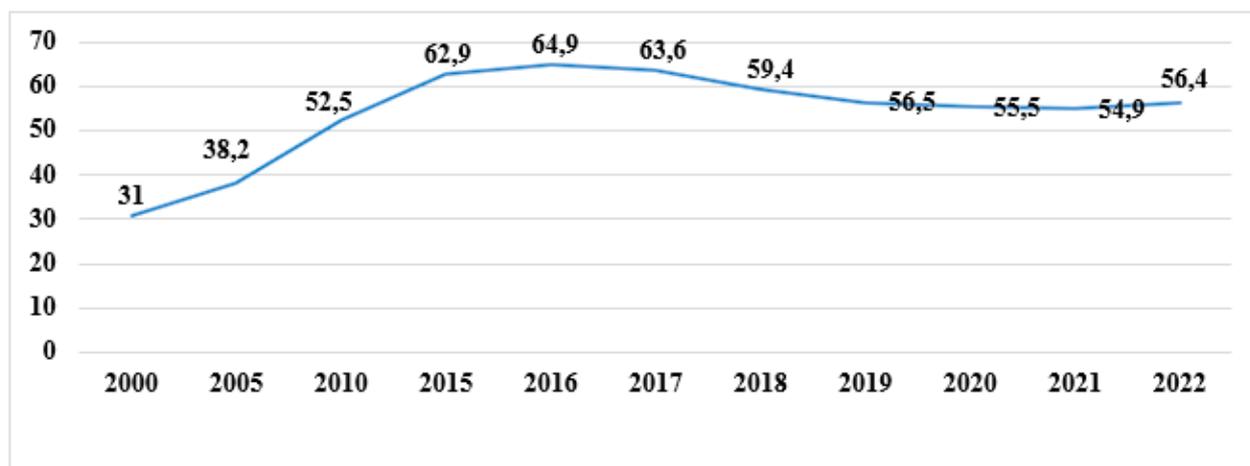


Figure 1. Share of small business and private entrepreneurship in GDP (%)

The further development of small business and entrepreneurship is distinguished by its significant weight in all sectors of the economy and production sectors. The results of small business and private entrepreneurship in our republic as an important factor in creating new jobs, increasing the income of the population and the well-being of the society are increasing. In particular, in 2021, more than 98,900 small enterprises and micro-enterprises (excluding farms) were established, which is 6.1 times more than in the same period last year.

Table 1.

Key indicators of small business and entrepreneurship in 2017-2021.

Fields	Unit of measure	2017 year .	2018 year .	2019 year .	2020 year .	2021 year .	2020 2021 (+-)
Industry	%	41.2	37.4	34.9	27.7	27	- 0.7
Agriculture, forestry and fisheries	%	98.5	98.3	98.3	96.7	96.7	0
Investment	%	38.1	38.0	47.0	46	47.9	+ 1.9
Construction	%	64.8	73.25	75.4	72.5	72.4	- 0.1
Trade	%	88.4	86.3	84.3	82.3	82.1	- 0.2
Services	%	58.3	56.0	52.1	51.8	51.1	- 0.7
Export	%	22.0	27.2	28.7	20.5	22.3	+ 1.8
Import	%	53.6	56.2	54.2	51.7	48.7	+ 3

Data from the table show that the share of small business and entrepreneurship in the production of industrial products decreased by 0.7 percent. Note that this figure in 2020 is 27.7%, which is 0.7% more than in 2021. We believe that the reason for the decrease in the share of industrial products in the production is the sharp decrease in the production of cotton fiber and vegetable oil. We can see that the export share increased by 1.8% in 2021 compared to 2020. Analyzing statistical data, we can see that decentralized investments have become the main factor in the growth of investment attractiveness and investment activity of Uzbekistan in recent years.



2 - picture Fixed capital investments

(growth rate in %)

decentralized investments in total investments was 40-45 percent in the mid-90s. The average annual growth rate of decentralized investment was 14.6 percent in 1996-2009 and the growth of total investment was 8.7 percent, while the average growth rate in 2010-2021 was 13 .01 percent. It was 104.2 percent in 2010, 111.3 percent in 2013, 119.4 percent in 2017, 139.4 percent in 2019, and 104.7 percent in 2020. It can be concluded that this decrease is due to the pandemic. And in 2021, 113.01 percent of investments were absorbed into fixed capital.

Table 2.

Investments in the fixed capital of small enterprises and micro-firms, by sources of financing (without farms and peasant farms; billion soums)

Indicators	2015		2016		2017		2018		2019		2020		2021	
Investments in fixed capital	6523.4	100 %	8442.4	100 %	14076.7	100 %	31651.3	100 %	70650.2	100 %	77487.9	100 %	85221.1	100 %
Including:														
Own funds of the enterprise	3624.7	55.6	4702.7	55.7	7385.5	52.3	13358.8	42.2	14080.4	19.9	28572.6	36.9	26130.8	30.7
Funds from foreign investors, including their reinvestment	329.8	5.1	862.4	10.2	886.3	6.3	3940.8	12.5	33641.8	47.6	19582.8	25.3	26888.0	31.6
Foreign loans	509.9	7.8	185.1	2.2	497.2	3.5	1657.8	5.2	10680.2	15.1	18427.3	23.8	19873.8	23.3
Bank loans	1712.0	26.2	2159.1	25.6	4699.2	33.4	11342.0	35.8	11144.1	15.8	10411.4	13.4	11700.3	13.7
Others	347.0	5.3	533.1	6.3	635.5	4.5	1351.9	4.3	1103.7	1.6	493.8	0.6	628.2	0.7

If we analyze the financing sources of investments in the fixed capital of small enterprises and

micro-firms, in 2015, the total investments in the fixed capital amounted to 6,523.4 billion soums, and this indicator increased year by year. That is, in 2019 it was 70,650.2 billion soums , in 2020 it was 77,487.9 billion soums, and in 2021 it was 85,221.1 billion soums. The process of analysis of percentages of funding sources showed that until 2018, the largest percentage corresponded to the company's own funds. That is, in 2015 it was 55.6 percent, and in 2018 it was 42.2 percent.

Each group that participates as investors in the process of investing activities of small business entities has its own interests, and the increase of their "dispersion level" has a negative effect on the effectiveness of this process.

Interests are the engine of economic activity. Accordingly, as a locomotive of investment activity, the harmony of investors' interests takes an important place. Accordingly, one of the important directions is to increase the efficiency of activities by harmonizing the interests of different groups of investors. The main goal is to provide sufficient investment resources of optimal composition for small business enterprises, while maintaining the interest of each group of investors at a certain level. Accordingly, in our opinion, the strengthening of the mechanism of harmonizing the interests of investors at different levels should be implemented at the level of each sector (industry) ministry or office. For this, a special part of the industry investment policy intended for small business entities should be formed in the section of each industry (industry) ministry or office (Fig. 3.2.5).

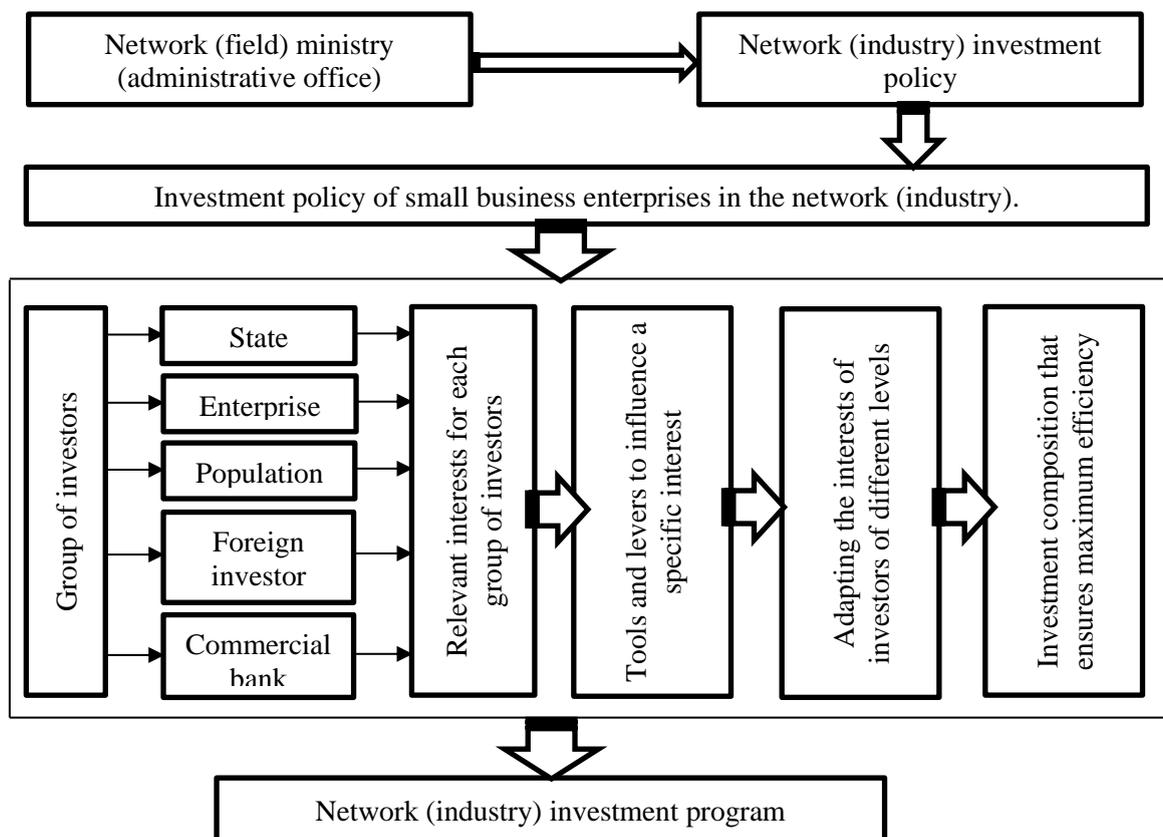


Figure 3. A mechanism for harmonizing the interests of investors of different levels in the investment activities of small business enterprises

It can be seen from the above diagram that the strengthening of the mechanism for harmonizing the interest of investors of different levels in the investment activities of small business enterprises is carried out in the following order:

- 1) as one of the central links of the mechanism, the sector (sector) investment policy developed

- and implemented by the management office (ministry) of each sector (sector) in the economy comes to the fore;
- 2) a special investment policy of small business enterprises in the sector (sector) taking into account specific characteristics and principles is formed within the investment policy of this sector (sector). The characteristics and principles of small business enterprises are hardly taken into account in the current investment policy;
 - 3) sources of investment, objects and their efficiency indicators are determined according to the above-mentioned groups of investors. In this, the specific interests of each group of investors are defined and taken into account ;
 - 4) encourage the activities of each group of investors in terms of tools and levers for influencing certain interests (profit rate, interest rate, deposit rate, credit rate, investment benefits and concessions, dividends, etc.) opportunities and forecasts for promotion or limitation are evaluated;
 - 5) In the process of harmonizing the interests of investors of different levels, taking into account the interests of each group of investors based on the conditions of the market of investment resources in a certain period (the current year or certain parts of it, the forecast period, etc.), specific goals of the investment policy and other circumstances. the share to be received is determined. According to its content, this share plays the role of a correction coefficient and helps to determine the participation of each group of investors as a source of investment. In general The investment composition that provides the maximum level of efficiency is determined by the following formula:

$$[(IT)]_{KB} = \alpha_1 x_1 + \alpha_2 x_2 + \dots + \alpha_n x_n = \sum_{i=1}^n \alpha_i x_i ,$$

Here:

$[(IT)]_{KB}$ - investment structure that ensures maximum efficiency of investment activity in small business enterprises;

x - investment funds that can be included in the investment activities of small business enterprises by a certain group of investors;

α - the share of the interests of each group of investors to be taken into account (correction coefficient);

$i = 1 \dots n$ is the number of groups of investors that can participate in the formation of funds necessary for ensuring investment activities of small business enterprises.

Conclusion

As a conclusion, it can be noted that the strengthening of the mechanism of harmonizing the interest of investors of different levels in the investment activities in the manner described above will ultimately create an opportunity for the effective use of investments in small business activities in our country.

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