

PROSPECTS FOR THE DEVELOPMENT OF SMALL BUSINESS IN UZBEKISTAN

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Abstract

The article analyzes the current state of small business in Uzbekistan, its role in the country's economic development, as well as key challenges and prospects. Particular attention is paid to issues of access to financing, infrastructure improvement, digitalization and personnel training. The existing barriers faced by entrepreneurs are considered and possible strategies for overcoming them are proposed. The work emphasizes the importance of state support for creating a favorable business climate and reveals opportunities for integrating small businesses into the international economy

Keywords: Small business, Uzbekistan, challenges, prospects, state support, digitalization, financing, entrepreneurship.

Аннотация: Статья посвящена анализу современного состояния малого бизнеса в Узбекистане, его роли в экономическом развитии страны, а также ключевым вызовам и перспективам. Особое внимание уделено вопросам доступа к финансированию, улучшению инфраструктуры, цифровизации и подготовки кадров. Рассматриваются существующие барьеры, с которыми сталкиваются предприниматели, и предлагаются возможные стратегии их преодоления. В работе подчёркивается значимость государственной поддержки для создания благоприятного бизнес-климата и раскрываются возможности для интеграции малого бизнеса в международную экономику

Ключевые слова: малый бизнес, Узбекистан, вызовы, перспективы, государственная поддержка, цифровизация, финансирование, предпринимательство.

Introduction

Small business plays an important role in the economic development of any country, including Uzbekistan. Its contribution to job creation, increased production of goods and services, and the formation of a sustainable economy is undeniable. In the context of globalization and a rapidly changing economic environment, small business acts as an engine of innovation and the basis for the stability of the economic system.

In Uzbekistan, small business occupies a central place in the country's economic policy. The government is actively implementing reforms aimed at stimulating its development, creating favorable conditions for entrepreneurial activity, simplifying tax and administrative regulation.



However, despite the positive changes, the development of small business in Uzbekistan faces a number of challenges, such as limited access to financing, poor infrastructure and high competition.

The small business sector in Uzbekistan is characterized by a significant share of enterprises engaged in trade, manufacturing and services. This is due to the structure of the country's economy, where the agricultural and industrial sectors predominate, as well as the population's need for basic goods and services. However, in recent years, there has been an increase in the number of entrepreneurs engaged in innovative and high-tech industries. This shows that small businesses are capable of not only responding to current market needs, but also shaping new trends in the economy.



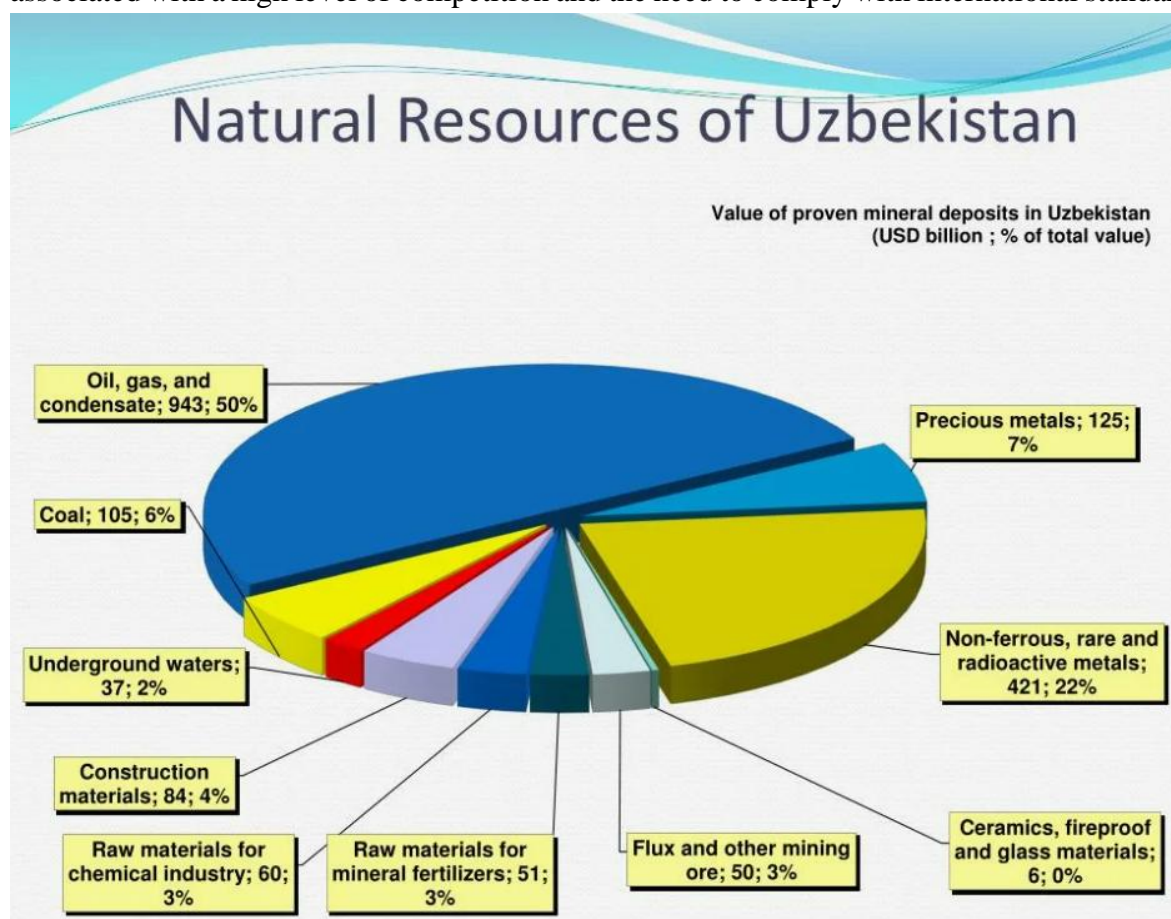
One of the most important elements of successful small business development is the availability of a favorable regulatory framework. Uzbekistan is taking measures to reduce bureaucratic barriers, simplify business registration, and support aspiring entrepreneurs. For example, with the introduction of digital platforms, the time required to start a business has been significantly reduced, making the process more accessible and transparent. However, issues remain related to ensuring long-term financial sustainability and protecting the rights of entrepreneurs.

Financial support for small businesses is also an important factor in their development. Uzbekistan has microcredit and grant support programs aimed at facilitating entrepreneurs' access to financial resources. The banking sector offers special products for small and medium-sized businesses, including concessional loans and investment programs. However, the lack of long-term financing and high interest rates still remain serious obstacles to sustainable growth. An equally significant challenge is the staffing of small businesses. The lack of qualified specialists, especially in remote regions, slows down the implementation of innovative

approaches and technologies. To solve this problem, it is important to develop a system of professional education that focuses on training specialists who can work effectively in the modern market.

The development of small businesses in rural areas deserves special attention. In Uzbekistan, rural areas have significant potential for creating small businesses, especially in the agricultural sector. However, the lack of infrastructure, low level of digitalization and weak local support limit opportunities for entrepreneurship. The development of rural regions through stimulating small businesses can become an important tool for reducing socio-economic inequality.

An interesting aspect is the integration of small businesses into global markets. In Uzbekistan, the export of small business products is gradually becoming one of the priorities of state policy. Conditions are created for entrepreneurs to enter international markets, grants and training on foreign economic activity are provided. Despite this, small businesses face difficulties associated with a high level of competition and the need to comply with international standards.



On the other hand, the development of small businesses opens up prospects for the introduction of sustainable and environmentally friendly technologies. In the context of the global environmental crisis, small businesses can play an important role in promoting the principles of sustainable development. In Uzbekistan, this idea is just beginning to spread, but initiatives aimed at using environmentally friendly technologies in production and reducing the carbon footprint can already be observed.

Thus, the development of small businesses in Uzbekistan is a complex but promising process. It requires the active participation of the state, financial institutions and the entrepreneurs

themselves. Despite the existing challenges, small businesses have the potential to become the basis for sustainable economic growth and an important tool for solving social problems. This article is devoted to the analysis of the key challenges and prospects for the development of small businesses in Uzbekistan, as well as to considering possible ways to overcome them.

Main part

The role of small businesses in the economy of Uzbekistan

Small businesses occupy an important place in the economic system of Uzbekistan, making a significant contribution to the development of the national economy. Small businesses account for a significant part of the created jobs, gross domestic product (GDP) and tax revenues to the budget. Moreover, this sector is an important tool for supporting economic activity in the regions, helping to reduce unemployment and social inequality.

In Uzbekistan, where the economy has long been oriented towards large enterprises and the public sector, small businesses have received a new impetus for development thanks to reforms initiated by the government in recent years. These reforms include creating a favorable business climate, simplifying registration and licensing procedures, and tax incentives for start-up entrepreneurs.

Key challenges for small businesses

Despite significant efforts by the government, small businesses in Uzbekistan face a number of challenges that limit their potential.

1. Limited access to finance

Access to financial resources remains one of the most pressing issues for small businesses. High interest rates on loans, a lack of long-term financing programs, and a low level of foreign investment limit business development opportunities. At the same time, banks often require complex guarantees, which complicates the process of obtaining loans for start-up entrepreneurs.

2. Administrative barriers and regulatory burden

Despite the simplification of many procedures, small businesses still face bureaucratic obstacles. Regulations change frequently, creating uncertainty for entrepreneurs. In addition, complex tax accounting and audit rules increase business administration costs, especially for small companies.

3. Personnel shortages and low levels of professional training

Many small businesses face a shortage of qualified personnel. This is especially true for high-tech industries that require in-depth knowledge of modern technologies and management methods. In rural areas, the situation is aggravated by low levels of education and the lack of accessible retraining programs.

4. Low level of infrastructure and digitalization

In some regions of Uzbekistan, infrastructure remains underdeveloped, which complicates logistics, access to markets, and the introduction of innovative technologies. The low level of



business digitalization also limits opportunities for process automation, e-commerce, and integration with global markets.

Prospects for the development of small businesses

Despite the existing challenges, the small business sector in Uzbekistan has great potential for growth.

1. Expanding government support

Government programs aimed at supporting entrepreneurs continue to develop. They include the provision of microloans, subsidies, grants, as well as the creation of business incubators and technology parks. The development of support programs for export-oriented small businesses is especially important, which contributes to the integration of business into the global economy.

2. Diversification of economic activity

Small businesses in Uzbekistan are gradually moving beyond traditional industries such as trade and agriculture. The development of innovative sectors such as information technology, tourism and agricultural processing opens up new horizons for entrepreneurs. Support for start-ups and projects in high-tech industries can become the basis for long-term economic growth.

3. Integration into international markets

The state actively promotes the export of small business products, providing enterprises with access to international exhibitions, training and certification programs. This creates conditions for Uzbek goods to enter new markets, increase foreign exchange earnings and improve the competitiveness of the national economy.

4. Implementation of digital technologies

Digitalization of small businesses is becoming an important area of development. The use of cloud technologies, e-commerce and automated accounting systems can significantly improve business efficiency. In this context, an important step is the creation of educational programs aimed at training entrepreneurs to work with digital tools.

5. Development of business in rural areas

The rural areas of Uzbekistan have great potential for the development of small businesses, especially in areas such as agricultural processing, ecotourism and handicrafts. Investments in infrastructure, provision of soft loans and educational programs for rural entrepreneurs can significantly improve the economic situation in the regions.

Strategies for overcoming challenges.





For the successful development of small businesses in Uzbekistan, an integrated approach is needed, including the participation of the state, the private sector and educational institutions.

1. Reducing the regulatory burden

Simplifying tax accounting, reducing the number of inspections and introducing online services for interaction with government agencies will help reduce administrative costs.

2. Development of financial infrastructure

Creation of new financing programs, reduction of interest rates and activation of microfinance organizations will allow small businesses to attract funds for growth more easily.

3. Personnel training

Educational programs focused on the needs of small businesses will help solve the problem of shortage of qualified specialists. In addition, it is important to develop advanced training programs for already working entrepreneurs.

Thus, small businesses in Uzbekistan have significant prospects for growth and development, despite the existing challenges. State support, innovation and active participation of the private sector create the basis for the formation of a sustainable economy based on entrepreneurial activity.

Discussion

Small business development in Uzbekistan is one of the key objectives of the state economic policy. Small business plays an important role in providing employment, creating new jobs, increasing tax revenues to the budget and stimulating economic growth. In recent years, the country has made significant efforts to create favorable conditions for the development of this sector, including reforms in the field of taxation, lending, simplification of registration procedures and creation of a favorable investment climate. However, small business faces a number of challenges that require a systematic approach to overcome them. One of the central problems faced by small businesses in Uzbekistan is limited access to financial resources. The banking system, despite its development, is still characterized by high interest rates and strict requirements for collateral. Many entrepreneurs, especially in rural areas, are unable to obtain long-term loans to develop their projects. In this regard, the development of microfinance and the creation of interest rate subsidy programs for start-up entrepreneurs is becoming an urgent area. This will reduce financial barriers and increase the availability of resources for small businesses. An important aspect is the regulatory environment in which small businesses operate. Despite the fact that in recent years reforms have been carried out to simplify business registration procedures and reduce the number of inspections, administrative barriers remain significant. Bureaucratic obstacles and inconsistency in the implementation of regulatory legal acts create additional difficulties for entrepreneurs. The problem is complicated by the fact that changes in legislation occur quite often, which requires entrepreneurs to constantly monitor new regulations and comply with them.

The personnel problem is also quite acute. Many small businesses experience a shortage of qualified specialists, especially in technical and managerial areas. This situation is due to an insufficient system of vocational training, which does not always meet modern requirements. The development of a vocational training system, including retraining and advanced training programs, can significantly improve the situation. In addition, it is important to develop entrepreneurial skills in students studying in economic and technical educational institutions, which will help prepare a new generation of qualified specialists.

Infrastructure limitations also have a significant impact on the development of small businesses, especially in rural areas. The low level of transport and communication infrastructure makes it difficult for entrepreneurs to access sales markets, suppliers and customers. The problem is aggravated by the lack of necessary logistics centers and modern warehouses. In this regard, government support for infrastructure projects aimed at developing regions and integrating small businesses into the national and international economy is



becoming a priority. Special attention should be paid to the development of small business exports. Entering international markets can be an important stimulus for growth, but many enterprises face difficulties associated with the lack of experience in foreign economic activity, a lack of information about foreign markets and the need to meet international quality standards. Government programs aimed at training entrepreneurs, providing advisory assistance and financial support can significantly facilitate this process.

Digitalization also opens up new opportunities for small businesses, but its implementation is slow. Many enterprises still use traditional business methods, which limits their potential. The use of digital technologies, such as e-commerce, business process automation and digital marketing, can significantly increase the competitiveness of small businesses. This requires programs to train entrepreneurs to work with modern technologies, as well as the creation of accessible digital platforms for doing business.

An important factor in the sustainable development of small businesses is government support. Creating a favorable business environment, simplifying tax regulations, developing subsidy programs and stimulating investment - all this allows small businesses to quickly adapt to challenges and take advantage of emerging opportunities. However, government support must be long-term and consistent. This is especially important for new and innovative areas, where entrepreneurs need stable conditions to implement their ideas.

Small businesses in rural areas have significant potential, but their development is hampered by the low purchasing power of the population and limited access to finance. Rural entrepreneurs can become the engine of development of such industries as agro-industry, agricultural processing, ecotourism and handicrafts. To achieve this, it is necessary to develop infrastructure, facilitate access to credit and provide educational programs aimed at developing management and marketing skills.

Thus, the development of small business in Uzbekistan requires a comprehensive approach, including improving financial accessibility, simplifying the regulatory environment, developing infrastructure and training qualified personnel. State support combined with private sector initiatives can create conditions for sustainable growth of small businesses, which, in turn, will help strengthen the national economy and improve the standard of living of the population.

Conclusion

Small business in Uzbekistan is an important element of the economic system, playing a key role in creating jobs, increasing incomes of the population and stimulating innovation. Despite numerous challenges, such as limited access to finance, bureaucratic barriers, infrastructure problems and a shortage of qualified personnel, the small business sector has significant potential for sustainable development.

The reforms carried out by the government are aimed at simplifying administrative procedures, developing financial support and creating a favorable regulatory framework. Subsidy programs, microcredit and educational initiatives are already proving their effectiveness, but require further improvement and expansion.

Digitalization opens up new horizons for small businesses, allowing them to introduce modern technologies, develop e-commerce and integrate into global markets. In this context, it is



important to strengthen educational and consulting programs aimed at increasing the digital literacy of entrepreneurs.

Particular attention should be paid to the development of small businesses in rural areas, where they can become a driver of local economic growth, helping to reduce socio-economic inequality.

Thus, small businesses in Uzbekistan have every opportunity to become a sustainable foundation of the national economy. To achieve this goal, comprehensive efforts by the state, the private sector and educational institutions are needed to eliminate existing barriers and create a favorable environment for entrepreneurial activity.

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