

## ANALYSIS OF CREDITS FOR ENSURING FAMILY BUSINESS SUSTAINABILITY

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### Abstract

Entrepreneurship plays an important role in the sustainable development of the national economy and plays a leading role in solving economic and social problems. In our country, a number of tasks were carried out in the directions of creating an entrepreneurial environment in every family, providing them with financial support, and providing preferential loans. This article examines the activity of banks on the use of preferential loans allocated for the organization of entrepreneurship in each family, and presents analytical data, suggestions and recommendations.

**Keywords:** Entrepreneur, credit, entrepreneurial activity, world market, poverty.

### Introduction

As is known, large-scale work is being carried out to create decent living conditions for the population, improve the business environment, and ensure employment through the socio-economic development of the country, active entrepreneurship, innovative ideas, and support for creative potential. The Resolution of the President of the Republic of Uzbekistan No. PP-3777 dated June 7, 2018 "On the Implementation of the Program "Every Family-Entrepreneur" also identifies the creation of conditions for every family to engage in entrepreneurship and have a stable source of income as one of the directions.

At the same time, this Resolution stipulates that the "Every Family is an Entrepreneur" program will be implemented in every district and city of our country, primarily in remote and climatically difficult regions, aimed at radically improving the material conditions of the population and ensuring significant positive changes in the quality and level of life [2].

Bank loans, of course, have a special role in ensuring the country's macroeconomic growth, effectively using existing entrepreneurial opportunities, as well as in employing the population. Indeed, today, all types of commercial banks are increasingly contributing to financing sectors of the economy, providing their credit resources and providing the population with consumer and preferential loans. Therefore, further enhancing the activities of commercial banks in the development of family entrepreneurship in the economy is one of the urgent issues facing the sector.

### Analysis of literature on the topic

In the United States and European countries, the concept of entrepreneurship began to attract the attention of economists, psychologists, and political scientists from the 16th to 18th centuries. In particular:

- English economist, banker Richard Cantillon: an entrepreneur is a person who acts under risk conditions; the function of providing capital is different from the function of entrepreneurship.



- US Labor Union leader Samuel Gompers: Not making a profit is a grave crime for an entrepreneur.
- German economist Werner Zombart: Entrepreneurship depends on the personal (individual) qualities of a person
- Austrian and American economist Joseph Alois Schumpeter: Entrepreneur - innovator, creator. Entrepreneur innovation development and to move source as service those who thought that it will do.

The effective investment policy implemented in Uzbekistan, the development of small business and entrepreneurship are factors of socio-economic development. This sector is one of the most important factors in filling our domestic market with competitive and high-quality products, providing employment and increasing incomes of the population.

The path taken by developed countries and historical experience show that competition plays an important role in the development of a market economy. It is no coincidence that in our country, too, priority is given to the development of healthy competition.

A. Smith, in his 1776 book "The Causes of the Wealth of Nations and an Inquiry into Nature," explored an expanded theory of competition, which is considered the founder of the classical concept of competitive relations.[3] He drew attention to the difference between the subjective orientation of entrepreneurs and the objective effectiveness of their activities. Depending on the requirements of various circumstances, while simultaneously acting in the interests of society, each entrepreneur seeks only personal benefit and seeks to obtain personal profit.

Another scholar who has studied global competitiveness strategies in depth is M. Porter, who has conducted recognized scientific research on the concept of expanded competitive forces, determinants of countries' competitive advantages[4].

Based on the above points, it can be said that human capital is one of the main factors in the effective establishment of business activities, and the high intellectual potential of an entrepreneur plays a key role in maintaining the continuity of activities.

### Research Methodology

The main purpose of the research is to make scientific conclusions for the development of scientific and practical proposals and recommendations based on the results of the analysis of the practice of loans allocated by commercial banks for the organization of family business. As a theoretical and methodological basis of this article, conclusions, proposals and recommendations are given based on general economic literature and scientific articles, analysis of the research of economists on preferential loans, expert evaluation, observation of processes, and a systematic approach to economic events and processes.

### Analysis and Results

It is clearly evident that Uzbekistan is mastering the production of competitive products in the world market, the appearance of our cities and villages is radically changing, and the well-being and quality of life of the population are steadily increasing.

An effective system of practical mechanisms is being created to coordinate the stable functioning and further development of the market infrastructure, which will serve to more actively involve the population in entrepreneurial activities, start their own businesses in order



to reduce poverty, as well as to promptly resolve problems arising at all stages of the activities of business entities without unnecessary hassle and paperwork.

Today, Uzbekistan is focused on developing and supporting entrepreneurship, ensuring sustainable economic development, including increasing its share in gross domestic product (GDP), production and employment, meeting the need for credit resources, and creating a favorable business environment.

In recent years, Uzbekistan's business environment has improved significantly - the republic's ranking in the World Bank's Doing Business ranking rose from 141st place in 2015 to 69th place in 2020. Compared to the 2019 ranking, the country has risen 7 places from 76th place. By the end of 2025, it is planned to improve the position of the Republic of Uzbekistan in the international Doing Business Index in the "Dealing with Construction Permits" area from the current 61.7 points to 78.2 points.

In 2020, more than 13 trillion soums in preferential loans were allocated within the framework of the social programs "**Every Family is an Entrepreneur**", "**Youth is Our Future**" and other programs, reaching more than 600,000 families.

As we all know, due to the adoption of about 20 decrees and resolutions of our President to support entrepreneurship during the pandemic, a number of benefits were provided to entrepreneurs. More than 60 thousand entities were exempted from property and land tax. The collection of high-rate taxes and fines for 21 thousand entrepreneurs for unused facilities (land, buildings) was suspended; the social tax rate for 329 thousand small business entities was reduced from 12 percent to 1 percent. The minimum social tax for 239 thousand individual entrepreneurs was reduced to 50 percent; the application of fines to more than 4 thousand enterprises with export receivables was suspended. The repayment period for 21.5 trillion soums of loans of 105 thousand entrepreneurs was extended.

Today, we can proudly say that many food products (soft drinks, juices, bread, bakery products, meat and dairy products, confectionery products, etc.) and some non-food products (furniture, carpets) produced by local producers and the development of competition in the markets of carpet products, textiles, etc. was ensured. The monopoly of large companies in the market of construction materials, cable and wire products, and money transfer services has ended.

In order to provide production with new equipment and technologies in our country's economy, to gain its place and position in the international market, it is necessary to attract investments for the production of competitive and high-quality products, and to use them effectively. In this regard, Uzbekistan's current activities in expanding and strengthening trade relations with foreign countries, supporting the export of goods, works and services are very extensive.

Russia is one of Uzbekistan's leading trade and economic partners. At the end of 2019, the Russian Federation's share in our country's foreign trade turnover amounted to 15.7%. Uzbekistan has sharply increased the supply of textiles, food and other products to various regions of Russia during the pandemic.

Uzbekistan's investment cooperation with the countries of South Asia, the Near and Middle East currently includes more than 60 projects worth about \$1.9 billion. The active attraction of direct Korean investments and advanced technologies, preferential loans, as well as the provision of financial and technical assistance for the implementation of high-tech projects in the fields of industry, energy, infrastructure, automotive, science and innovation, healthcare and



tourism development is in the interests of our country. Uzbekistan's export structure to the Republic of Korea in 2019 was \$93 million, and based on forecast indicators, it is planned to reach \$800 million by 2025. The volume of Korean investment in Uzbekistan was \$289 million in 2018, and in 2020, in the context of the pandemic, it amounted to \$204 million. In 2025, this figure is planned to reach \$500 million.

Table 1 Information about loans allocated by commercial banks of Namangan region in 2020<sup>1</sup>

No	Commercial bank name / Territory name	Total credit		Entrepreneurship to the subjects separated loans		from that networks in the section		
		number	amount	number	amount	Industry	village farm	service
1	Agrobank	30 930	1,564,817	3,024	1,298,531	302 228	726,562	269,741
2	Asaka Bank	2,895	139,459	54	49,869	35,649	4 123	10,096
3	Silk bank	2,993	94 205	374	61,672	23,480	2,905	35,287
4	Mortgage Bank	3 930	178,437	104	59,449	16,003	22,765	20,681
5	Capital Bank	626	115 255	121	95,789	46,696	7 360	41,733
6	Micro credit bank	12,362	325,950	1 170	155,372	65,886	26,762	62,723
7	National Bank	2,608	349,516	136	308 328	147,813	33,532	126,983
8	Trustbank	1,531	138 119	143	128,983	85,961	23,339	19,683
9	Turan Bank	2 151	91,508	116	64,660	29,989	15,355	19,316
10	Industry construction bank	2 290	241 270	38	181,734	111,877	21 112	48,745
11	People's Bank	26,646	609,844	1,074	239,068	102,511	73 150	63,407
12	Contact bank	2,041	45,025	41	27,800	10,289	4 254	13,257
13	Village construction bank	765	159,590	40	73,431	41,972	17,563	13,896
14	Savdogarbank	106	15,320	15	14,589	8 107	4 270	2 212
15	Hamkorbank	5,795	227,928	524	146,686	63 152	25,962	57 572
16	Infinbank	1 432	192,872	31	180 289	62,720	108,507	9,062
	<b>Total</b>	<b>99 101</b>	<b>4 489 115</b>	<b>7 005</b>	<b>3,086,250</b>	<b>1 154 334</b>	<b>1 117 521</b>	<b>814 395</b>

Table 1 provides information on credits allocated by 16 banks in Namangan region in 2020. According to the data, a total of 99,101 loans were allocated in the region in 2020, totaling 4,498,115 thousand soums. Of these, the number of loans allocated to business entities was 7,005, and the total amount was 3,086,250 thousand soums. 1,154,334,000 soums in industry, 1,117,521,000 soums in agriculture, and 814,395,000 soums in services were allocated in the sectors.

<sup>1</sup> Prepared on the basis of the data of the Central Bank of Namangan region.



**Table 2 Information on loans allocated for livestock by Namangan Agrobank in 2018-2020**

No.	Bank branch	In 2018		2019		2020		2020 For 2018 ratio (%)	
		number	amount	number	amount	number	amount	number	amount
1	Kosonsoy district	37	694	35	651	16	382	43	55
2	Mingbulak district	28	394	139	2899	199	4533	711	1150
3	Namangan district	183	3635	74	1464	138	2545	75	70
4	Namangan city	17	473	11	303	85	2485	500	525
5	Naryn district	54	767	110	2529	213	3438	394	448
6	Pop district	11	323	8	360	75	2740	682	848
7	Turakurgan district	84	1311	108	1823	215	4882	256	372
8	Homeowner district	157	2740	640	14306	719	16032	458	585
9	Uchkurgan district	94	1515	144	3894	531	11315	565	747
10	Attic district	137	2155	456	7367	371	8676	271	403
11	Chust district	160	2621	731	17238	1701	46417	1063	1771
12	Yangikurgan district	90	1173	699	13761	540	11963	600	1019
	<b>Agrobank total</b>	<b>1052</b>	<b>17801</b>	<b>3155</b>	<b>66595</b>	<b>4803</b>	<b>115407</b>	<b>457</b>	<b>648</b>

From the data of Table 2, it can be seen that in the region, in 2020, compared to 2018, the number of loans allocated to cattle by Agrobank increased by 457 percent, that is, in 2018, 1,052, 3,155 in 2019, and 4,803 loans were allocated in this direction in 2020. In the region, except for Kosonsoy and Namangan districts, there was an increase in the loans allocated to the population by Agrobank for cattle.

of the President of the Republic of Uzbekistan No. PP-3777 of June 7, 2018 “On the Implementation of the Program “Every Family-Entrepreneur” provides for the establishment of special farms for adapting pedigree cattle, poultry and rabbits to local conditions, the import and breeding of highly productive pedigree cattle, goats and rabbits from abroad to these farms, and the creation of breeds suitable for the natural and climatic conditions of the region, the introduction of advanced technologies for artificial insemination of livestock, the organization of exhibitions of pedigree cattle, goats and rabbits adapted to local conditions and the creation of conditions for their purchase on a competitive basis at reasonable prices based on the wishes of the population, the detailed explanation of the technologies for raising livestock, rabbits and poultry purchased from special farms to the population, and in the future, the implementation of measures to vaccinate livestock and poultry available in each household, the provision of artificial insemination of pedigree cattle to the population and It is decided to expand the network of continuous veterinary services, provide all-round support to project initiators regarding the organization of quality compound fodder production enterprises, supply of compound fodder, vitamins, premixes, supplements and veterinary drugs taking into account the annual needs of the population, take measures to organize industrialized livestock clusters with the involvement of large entrepreneurs.

2 It was prepared based on the data of the agrobank of Namangan region.

## Conclusions and Proposals

Today, reforms aimed at supporting small businesses and private entrepreneurship, both economically and legally, are being implemented in our country at an accelerated pace. These reforms serve to create a comprehensively favorable and healthy competitive environment for business entities to carry out their activities, ultimately ensuring economic growth, creating new jobs, solving the problem of unemployment, and increasing the incomes and well-being of the population.

Currently, business entities operating in various areas are making a significant contribution to increasing the economic potential of our country. Measures aimed at further developing small business and private entrepreneurship, which are the basis for the development of a market economy in the republic, improving the business environment, creating the necessary opportunities for them, and, most importantly, preferential loans allocated by commercial banks, serve to expand their activities. During 2020, regional commercial banks allocated more than 3,086,250 thousand soums to financially support business entities and more than 892,754 thousand soums to support family entrepreneurship

Taking into account the above, in our country, it is necessary to establish the best foreign practices in this area, including the effective and targeted use of preferential loans provided by all commercial banks, in order to provide employment to the population, increase their income, and reduce poverty. We also consider it appropriate to further develop cooperation between commercial banks directly with the chairmen of mahalla citizens' assemblies and establish a clear mechanism for working with them to implement preferential loans provided to the population.

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