

## Issues of using bank credits in development of family entrepreneurship

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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 have been carried out in the areas of creating an entrepreneurial environment in every family, their financial support, the allocation of soft loans. This article examines the activities of banks in the use of soft loans allocated for the organization of entrepreneurship in each family, provides analytical data, suggestions and recommendations.

**Keywords:** Entrepreneur; Credit; Entrepreneurial activity; World market; Poverty

## 1 Introduction

It is known that by supporting the socio-economic development of the country, active entrepreneurship, innovative ideas and creative potential, large-scale work is being carried out to create decent living conditions for the population, improve the business environment, and ensure employment. The Resolution of the President of the Republic of Uzbekistan No. PQ-3777 dated June 7, 2018 on the implementation of the "Each family-entrepreneur" program defines as one of the directions the creation of conditions for each family to engage in entrepreneurship and have a stable source of income .

At the same time, in this Decision, the "Every family is an entrepreneur" program is implemented, which aims to fundamentally improve the material conditions of the population, to ensure significant positive changes in the quality and level of lifestyle, in every district and city of our country, especially in remote and harsh natural and climatic regions. will be increased [2].

Of course, bank loans have a special role in ensuring macroeconomic growth of the country, effective use of existing business opportunities, and employment of the population. In fact, today all types of commercial banks are increasing their contribution to the financing of economic sectors, providing their own credit funds, and providing the population with consumer and preferential loans. Therefore, increasing the activity of commercial banks in the development of family entrepreneurship in the economy is one of the urgent issues facing the industry.

## 2 Material and methods

### 2.1 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 XVI-XVIII centuries. Including:

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- 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 Trade Union Leader Samuel Gompers: Not making a profit is a big 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 action source being service those who thought that it will do.

Effective investment policy, small business and entrepreneurship development implemented in Uzbekistan is a factor of socio-economic development. This sector is one of the main factors in filling our domestic market with competitive and high-quality products, providing employment and increasing the income 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 not for nothing that priority is given to the development of healthy competition in our country.

In 1776, A. Smith studied the extended theory of competition in the book "Researches about the causes and nature of the enrichment of nations", and he 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. Acting in the interest of the society at the same time as required by various circumstances, every entrepreneur seeks personal benefit and tries to get only personal profit.

M. Porter, another scientist who deeply studied the strategies of competitiveness in the world, carried out recognized research works such as the concept of extended competitive forces, determinants of competitive advantages of countries [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 in business plays a key role in maintaining the continuity of the activity.

## 2.2 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.

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## 3 Results and discussion

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

An effective system of a practical mechanism is being created to coordinate the stable operation and further development of the market infrastructure, which serves to more actively involve the population in entrepreneurial activities, to start their own business in order to reduce poverty, as well as to quickly solve the problems that arise at all stages of the activity of business entities without excessive confusion and red tape.

Today, Uzbekistan aims to develop and support entrepreneurship, ensure sustainable development of the economy, including increasing its share in the gross domestic product (GDP), production and employment of the population, meeting the need for credit resources and creating a favorable business environment.

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

**Table 1** Information about loans allocated by commercial banks of Namangan region in 2020

No.	Commercial bank name / Territory name	Total credit		Entrepreneurship subjects separated loans		From that networks in the section		
		the number	amount	the number	amount	Industry	village economy	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 way 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	Kapitalbank	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	Hello 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
	Total	99 101	4 489 115	7 005	3,086,250	1 154 334	1 117 521	814 395

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

In 2020, within the framework of "Every family is an entrepreneur", "Youth is our future" and other social programs, a total of more than 13 trillion soums of preferential loans were allocated, and more than 600 thousand families were covered.

We all know that due to the adoption of about 20 decrees and decisions of the President on the support of entrepreneurship during the pandemic, a number of benefits were granted to entrepreneurs. More than 60 thousand subjects were exempted from property and land tax. 21,000 entrepreneurs were stopped charging high taxes and fines for their unused objects (land, building); The social tax rate for 329,000 small business entities was reduced from 12% to 1%. The minimum amount of social tax was reduced to 50% for 239,000 individual entrepreneurs; Fines have been suspended for enterprises with more than 4,000 export receivables. 105,000 entrepreneurs have been extended the repayment period of 21.5 trillion soums.

In the economy of our country, it is necessary to attract investments for the production of competitive and high-quality products in order to provide production with new techniques and technologies, to have its place and position in the international market, and to use them effectively. At this point, the activities of Uzbekistan in today's expansion and strengthening of trade relations with foreign countries, supporting the export of goods, works and services are very large-scale.

Russia is one of the leading trade and economic partners of Uzbekistan. By the end of 2019, the share of the Russian Federation in the foreign trade turnover of our country was 15.7 percent. Uzbekistan has dramatically increased the supply of textiles, food and other products to various regions of Russia amid the pandemic.

Investment cooperation of Uzbekistan with the countries of South Asia, Near and Middle East currently includes more than 60 projects with a value of about 1.9 billion dollars. It is in the interests of our country to actively attract direct Korean investments and advanced technologies, preferential loans, and to provide financial and technical support for the implementation of high-tech projects in the fields of industry, energy, infrastructure, automobile industry, science and innovation, healthcare, and tourism development. The export structure of Uzbekistan to the Republic of Korea in 2019 was 93 million dollars, and based on forecast indicators, it is planned to reach 800 million dollars by 2025. The amount of Korean investment in Uzbekistan in 2018 was 289 million dollars, and in the conditions of the pandemic, it was 204 million dollars in 2020. In 2025, this indicator is planned to be 500 million dollars.

**Table 2** Information on loans allocated by commercial banks of Namangan region in 2020 within the framework of family business programs

Sl. No.	Commerce bank name / Region name	Family entrepreneurship programs within separated loans	Including					
			Women public fund from the account ( Decree No. PF-5325 based on	" Har one family-entrepreneur " program ( Decision No. P Q-3777 based on	Young people are our future program ( Decree No. PF-5466 based on	Crafts ( Decision No. P Q-4539 based on	Homestead landowners _ council from the account ( Decision No. P Q-3680 based on	Employment and from the local budget ( Decision No. P Q-3856 based on
		the number	the number	the number	the number	the number	the number	the number
1	Agrobank	14235	59	12 658	62	1 353	103	0
2	Micro credit bank	8901	90	8 377	36	396	0	2
3	Turan Bank	1286		1 286				
4	People's Bank	17037	127	16 220	46	625	16	3
	Total	41 459	276	38 541	144	2 374	119	5

1 Prepared on the basis of the data of the Central Bank of Namangan region.

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 have been allocated in the sectors.

Analyzing the data of Table 2, in 2020, commercial banks in Namangan region provided a total of 41,459 loans within the framework of family business programs. Of these, 14,235 were granted by the Agrobank, 8,901 by the Microcredit Bank, 1,286 by the Turan Bank, and 17,037 by the People's Bank. The main part of the total allocated loans, i.e. 38,541, was directed to ensure the implementation of the Decision of the President of the Republic of Uzbekistan No. PQ-3777

of June 7, 2018 on the implementation of the "Every family-entrepreneur" program . Also, 2374 loans were allocated for the development of handicrafts.

President of the Republic of Uzbekistan dated June 7, 2018, No. PQ-3777 on the implementation of the "Every family-entrepreneur" program, the establishment of special farms for adapting breeding cattle, poultry and rabbits to local conditions, breeding cattle with high productivity from abroad to these farms, Bringing and breeding of goat and rabbit breeds and creating breeds suitable for the natural and climatic conditions of the region, introducing advanced technologies of artificial herding of cattle, organizing exhibitions of breeding cattle, goat and rabbit breeds adapted to local conditions and buying them at reasonable prices based on the wishes of the population. creating a foundation, explaining to the population the technologies of raising livestock, rabbits and poultry purchased from special farms, and in the future, implementing measures to vaccinate existing livestock and poultry in each household, artificially breeding breeding stock and providing continuous veterinary services to the population expanding the network, providing comprehensive support to the project initiators in the organization of high-quality mixed fodder production enterprises, supplying mixed fodder, vitamins, premixes, supplements and veterinary drugs taking into account the annual needs of the population, measures to organize industrialized livestock clusters with the involvement of large entrepreneurs view is set.

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#### 4 Conclusion and suggestions

Today, in our country, reforms aimed at supporting small business and private entrepreneurship both economically and legally are being implemented rapidly. These reforms serve to create a comfortable and healthy competitive environment for business entities to carry out their activities, ultimately ensure economic growth, create new jobs, solve the employment problem, and increase the income and well-being of the population.

Currently, business entities operating in various directions are making an important contribution to the growth of the economic potential of our country. Activities aimed at further development of small business and private entrepreneurship, which are the basis for the development of the market economy in the Republic, improving the business environment, creating the necessary opportunities for them, and preferential loans allocated by prominent commercial banks serve to expand their activities. During 2020, regional commercial banks allocated 3,086,250,000 soums for financial support of business entities and 892,754,000 soums to support family businesses.

Taking into account the above, it is necessary to establish effective and purposeful use of the best foreign experiences in this field, including preferential loans provided by all commercial banks, in providing employment to the population in our country, increasing their income, and reducing poverty. Also, we believe that it is appropriate to further develop the cooperation of the commercial banks directly with the chairmen of the neighborhood citizens' meeting, to establish a clear mechanism for working with them.

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#### Compliance with ethical standards

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