

THE PLACE AND ROLE OF THE LENDING SYSTEM IN SUPPORTING FAMILY BUSINESS ACTIVITIES IN UZBEKISTAN

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Abstract:

In this article, as a result of the reforms carried out in Uzbekistan during the years of independence, the growth dynamics of family business entities, the practical results of the subsidies allocated to them by the state and the lending policy implemented by commercial banks, the volume of products produced by Ferghana Valley entrepreneurs based on primary sources, archival materials and literature analyzed.

Keywords: economy, Ferghana Valley, industry, production, family business, business entities, credit, microcredit, small and medium business, business plan, entrepreneur.

Introduction

Since the first years of independence, the development of small business and private entrepreneurship has been defined as the most important strategic task in the state policy of the republic, and a number of reforms have been implemented step by step. If we look at the experience of the world, we can see that a lot of attention is paid to the development of small and medium-sized businesses in the economy. It's not for nothing, of course. The market situation in the world market changes every nine months on average [1]. Small and medium-sized business entities can quickly adjust their activities to market demand. This situation maintains stability in the country's economy.

RESEARCH METHODS

During the past period, as a result of systematic reforms of financial support of entrepreneurs by our state, the services provided to them by the country's banks have improved in terms of quality, and positive changes have been made in the types and rates of allocated loans. Microloans as preferential loans allocated by republican banks are important in the development of the industry.

The word microcredit (English *microcredit*) etymologically means a small loan. Microcredits are intended for the poor population, small entrepreneurs to improve their financial situation, and in many countries, they are given to vulnerable categories of the population. If we look at the history of the origin of the microcredit system, we will better understand its essence.

RESULTS AND DISCUSSIONS

The concept of microcredit was developed by Muhammad Yunus, professor of economics. He was from Bangladesh, his homeland was one of the most deprived countries in the world. Muhammed Yunus studied in the United States, and after returning to his homeland in 1974, he joined the anti-famine movement. In his work, he is convinced that even the smallest amount of credit is crucial for the poor to survive without starving. He gives his first loan of \$27 to a woman who makes bamboo furniture. Muhammad Yunus understands that banks are not interested in giving loans to medium-sized entrepreneurs. Because such entrepreneurs have a greater risk of not being able to repay the bank's funds. In 1976, he founded Grameen Bank (English Grameen Bank), and his bank was engaged in providing microcredits to poor Bangladeshis. In 1976 alone, his bank made more than 4 million loans to the poor, totaling \$5 billion. In order to ensure the return of loans to the bank, an informal group of borrowers is formed, and its members support each other. In order to develop such a system based on microcredit, Gramin Bank starts providing microloans for house building and agricultural business.

Most of the projects of the microcredit system are mainly aimed at women, because most of the poor families are formed by dysfunctional families. Such families, where a single mother is responsible for supporting the family, suffer more from poverty. That is why 96% of Gramin Bank's microcredits are given to women. At the recent time, the microcredit system is used in many countries of the world, including the United States [2].

In the years of independence, in order to financially support entrepreneurs by providing them with loans, on July 21, 1993, a fund supporting the development of small and medium-sized businesses was established in Uzbekistan, and on July 26, 1995, it was named the Business Fund. In the activity of the business fund, international projects on business training of entrepreneurs were also implemented. In particular, one of them is the total amount of 3 mln. 600 thousand ECU is a project based on the "TASIS" program of the Market Skills Development Center (BKRM). In the first half of 1996, 72 entrepreneurs from all regions of our republic were sent to England and Italy to exchange experience. More than 300 entrepreneurs attended two-week training courses in the cities of Tashkent, Nukus, Andizhan, Bukhara, Namangan, Urganch. However, the loans allocated by the Business Fund were not properly directed to entrepreneurs, they did not have enough knowledge and skills to carry out their activities. Just one example, 36 enterprises that received loans in the amount of 26,091.1 thousand soums and 52 enterprises that received loans in the amount of 80,246.2 thousand soums due to lack of raw materials stopped their activities as of April 1, 1998 [3] and 26 enterprises that received loans totaling 21,935.6 thousand soums returned the loans due to lack of activity [4]. Due to lack of activity, 59 enterprises that received a total of 103,678 thousand soums of credit were handed over to law enforcement agencies [5]. As a result, the Business Foundation was suspended in July 1997 [6].

Based on the world experience, in 2000, a mechanism for microcredit allocation to small and medium business entities was developed and put into practice in our republic [7]. The statistical information of the Republican Statistics Committee on the development of small

business and entrepreneurship starts from 2000. Today, the microcredit system is widely used in our republic as the main financial support for the development of private entrepreneurship. In particular, on May 6, 2006, based on the decree of the President of the Republic of Uzbekistan No. PD-3750 "On the establishment of the Mikrokreditbank joint-stock commercial bank", the Mikrokreditbank joint-stock commercial bank was established. Based on a number of decisions and decrees [8] of the head of our state aimed at developing the system of microcredits for business entities, the development of small business, private entrepreneurship, and farming, the creation of new jobs through the activation of self-employment, family business, and home economics, especially in rural areas A lot of systematic work has been done to further develop the provision of microfinance funds to the broad strata. Such reforms served to further increase the share of women in the economic sphere, and to create great conditions for expanding their economic opportunities.

Today, in the labor market, as in all fields, special emphasis is placed on the issues of family business. In particular, the development of women's entrepreneurship and their all-round support, creation of new jobs for women, support of their entrepreneurial activities, development of home work and home economics are considered as the main factor of ensuring the well-being of families and forming sources of income. Based on the requirements of the Decree of the President of the Republic of Uzbekistan dated July 28, 2010 "On additional measures to attract graduates of educational institutions to entrepreneurial activities", employment of young people who have graduated from educational institutions, financial support of family entrepreneurship and further development of small business and private entrepreneurship , helped young people and women living in remote areas to use banking services more widely.

According to the approved plan, from March 24 to June 24, 2010 in Akkurgan and Piskent districts of Tashkent region, Boyovut and Syrdaryo districts of Syrdarya region, Zomin and Gallaorol districts of Jizzakh region, Okdarya and Aktash districts of Samarkand region, Kyziltepa and Navoiy districts of Navoi region, Gijduvon and Jondor districts of Bukhara region. , in Sherabad and Kumkurgan districts of Surkhandarya region, Kamashi and Koson districts of Kashkadarya region, Tortkul and Chimboy districts of the Republic of Karakalpakstan, Bogot and Urgench districts of Khorezm region, Kokand city and Rishton districts of Ferghana region, Oltinkol and Asaka districts of Andijan region and Mingbulok and Kosonsoy districts of Namangan region Seminars were organized on the topic "Development of small business and private entrepreneurship, creation of new jobs, further expansion of the use of banking services for a wide segment of the population, especially graduates of vocational colleges and women" [9].

Over the past years, the development of farms, the improvement of domestic work, the use of cooperation of households with large industrial enterprises, the development of family businesses and small enterprises, the increase of the number of livestock in private farms, peasant farms, and these directions that do not require large capital funds, women and rural areas practical results were achieved in solving the problem of unemployment among young people.

On March 16, 2012, the Law of the Republic of Uzbekistan on "Family Business" was adopted. Article 3 of this law states: "Family business is a type of activity carried out by family members at risk and under their own property responsibility for the purpose of obtaining income (profit). Article 5 of the law is about participants in family business, it says that the head of the family, his wife (husband), children and grandchildren, parents, other relatives of working age can be participants in family business" [10].

In the 2017 "Year of Communication with the People and Human Interests", problems hindering the development of society were revealed on the basis of democratic transparency. In particular, problems hindering the development of small business and family entrepreneurship were studied in the course of dialogues with entrepreneurs. Achievements and shortcomings were comprehensively analyzed. In the words of the head of our state, "The most important thing is that in the economic policy of our country, the undesirable working method of chasing after unrealistic numbers and presenting unrealistic dreams as reality has been critically revised. Practical efficiency, human interest and once again human interest were defined as the main goal of reforms" [11]. This openness was expressed in raising the service culture to the level of demand in the banking system of the republic, as well as ensuring the trust of the citizens in the banking system. Ensuring the employment of the population, increasing the income of the poor and needy strata has become an important issue.

In 2017, in order to attract young people to entrepreneurship, to develop family entrepreneurship and home economics, in 2017 it was planned to allocate 1 trillion soums for women entrepreneurs and 60 billion soums for 10,000 young people graduating from educational institutions [12]. During the 2017 year of "Communication with the People and Human Interests", dialogues with entrepreneurs at the "People's Reception Rooms", especially the existence of problems that hinder the development of women's domestic work and home economics, caused the government of the republic to develop a comprehensive program of measures based on a new approach. In particular, the state program "Every family is an entrepreneur" was adopted based on the decision of the President of the Republic of Uzbekistan in the year 2018 "Year of supporting active entrepreneurship, innovative ideas and technologies". The adoption of this state program raised the development of family entrepreneurship in our country to a new level. In the Regulation on the procedure for allocating loans within the framework of the program, the procedure and terms of granting loans were determined.

A preferential loan is allocated in the amount from 150 times to 1000 times the minimum wage, and is allocated for a period of no more than 3 years with a grace period of up to 6 months. The interest rate is set at 7 percent per annum.

According to the regulations, loans can be allocated for a period of up to 2 years with a grace period of up to 5 years based on the business plan of the project to be implemented, and the grace period and the loan repayment period must be justified in detail. The documents to be submitted for obtaining a loan have also been simplified. , was taken into account to be convenient for entrepreneurs.

The amount of the microcredit is up to 200 times the amount of the minimum wage, and it will be given for a period of up to three years, taking into account a grace period of six months to repay the principal debt. Annual interest rates: when one job is created - 9 percent, two jobs - 8 percent, three up to four jobs - 7 percent, when five or more jobs are created - 6 percent [13].

At the same time, creating more favorable conditions for the rapid development of small business entities by deepening market reforms, purchasing modern technological equipment, and expanding the opportunities for obtaining loans from commercial banks to master the production of competitive products that are popular in domestic and foreign markets, based on this In order to increase the role of small business in the socio-economic development of the country, the Guarantee Fund was established [14].

According to the decision of the President of the Republic of Uzbekistan dated June 7, 2018 [15] on the implementation of the program "Every family is an entrepreneur" in the year of support of active entrepreneurship, innovative ideas and technologies, the scope of preferential microloans was further expanded.

On May 5, 2017, the Decree of the President of the Republic of Uzbekistan on the establishment of the representative institute for the protection of the rights and legal interests of business entities under the President of the Republic of Uzbekistan was announced. On the basis of the decree, the draft law "On the representative for the protection of the rights and legal interests of business entities under the President of the Republic of Uzbekistan" was developed. The purpose of introducing the Business Ombudsman is to further increase the freedom of small business and private entrepreneurship, which has become the main direction of the republic's economy, and to radically reduce illegal interference in their activities [16].

President Sh.M.Mirziyoev at the extended meeting of the Cabinet of Ministers of the Republic of Uzbekistan dedicated to the end of 2016 said that "Although there is a need to employ 1.5 million people a year in our country, in 2016 Employment Assistance Centers employed only 248 thousand people or 16.5 percent, especially in the profession - sternly criticized that "many cases of overwriting in the implementation of quadrilateral agreements on employment of vocational college graduates have not been eliminated" [17]. But when the situation became serious, some "authoritative leaders" took appropriate punishments as the main culprits of the violations of the law in providing employment to the private enterprises engaged in business. Most of the unemployed in our republic are college graduates. But the participation of private enterprises in the provision of employment of the population in the conditions of the market economy is voluntary and arises from the need for labor force of each enterprise.

Another aspect of the issue is related to population migration. Due to the closure of many state-owned enterprises as a result of the market reforms, illegal migration of citizens to Russia, Turkey, Korea and other foreign countries has increased. As a result, problems related to Uzbek citizens becoming victims of human trafficking have arisen in many cases. It was especially sad that there were women among them. These situations have caused our

teenage sons and daughters to be left unsupervised in families due to father or mother going abroad to work, and the increase of crimes in connection with it.

It is known that the only way to ensure the employment of the population and increase the well-being of families is to further develop small business and private entrepreneurship. In the appeals received from many entrepreneurs to the "People's Reception" and "Virtual Reception" of the President of the Republic of Uzbekistan, there are illegal interventions of the state, law enforcement and control agencies in the activities of business entities. stated. When the appeals were studied, it became clear that various restrictions hindered their activities, and they could not move freely.

Based on the Annex 1 of the Decree of the President of the Republic of Uzbekistan dated March 17, 2017 "On measures to further simplify the system of microcredits for business entities and the general population" until January 1, 2021, newly registered legal entities engaged in 18 types of activities (mainly household services) individual entrepreneurs and family business entities operating without a personal organization were given the privilege of exemption from the fixed tax payment for a period of 6 months when issuing microcredits in accordance with the provisions provided for in this decision [18].

In 2017, more than 5 million family problems were studied as a result of the activities of public groups established in the Republic. As a result, 22,000 families were prevented from being separated, 36,000 citizens were provided with jobs, and 14,500 people were helped to get loans for the development of family business.

As a result of state reforms aimed at transition to market relations and development of entrepreneurship carried out by our state in the past period, during the years of independence, small business and entrepreneurship developed, and the population's employment in this field increased more and more. If in 2000, 4467.1 thousand people were employed in small businesses in our Republic, and in 2010, 8643.9 thousand people were employed in small business, by 2017, their number reached 10541.5 thousand people. In other words, the population employed in small business accounted for 49.7% of total employment in 2000, and 74.3% of total employment in 2010. By 2017, the population employed in small business accounted for 78% of total employment, in which family business played an important role [19].

Nowadays, as a result of the creation of favorable conditions for family entrepreneurship in our republic, the scope of providing employment to the population and women has expanded. If in 2012, 91.3 billion soums of credit funds were allocated for the purposes of developing family business and handicrafts, in 2016, this number reached 367.2 billion soums, more precisely, it increased four times. In 2017, there were more than 8,000 family businesses in our country. However, a sharp difference in the number of family business entities with legal status can be seen when studying the cross-section of regions. In particular, there are 1 thousand 27 family enterprises in Tashkent city, 1 thousand 102 in Fergana region, and about a thousand family enterprises in Tashkent region, while there are only 9 family enterprises in Syrdarya region and 37 in Namangan region the reason is that they do not have enough understanding about amenities [20].

On October 9, 2017, the Decree of the President of the Republic of Uzbekistan No. PD-5199 [21] was adopted "On measures to protect the rights and legal interests of farmers, peasant farms and landowners, and to fundamentally improve the system of effective use of agricultural arable land". Based on the decree, the decision of the President of the Republic of Uzbekistan "On organizational measures for further development of the activities of farmers and peasant farms" was adopted. Every year, until February 1, the chairmen of the self-government bodies of the citizens, together with the prevention inspectors of the internal affairs bodies, go door-to-door, inspecting the cultivated fields of the farmers and the landowners in the region. They determine the types of crops planted throughout the year and the volume of products grown, dividing them into parts intended for family needs and for sale. Establishes public control over the conclusion of contracts for product supply, complete and high-quality planting of crops, timely implementation of agrotechnical measures. In the decision, it was established that three times the amount of the established land tax rate will be applied to the landowners who did not plant agricultural crops or did not improve it on the homestead part of the land plots given for housing construction and improvement of housing. The right to a plot of land of the landowners who did not plant agricultural crops on the plots of land granted without the right to build a house for farming was canceled in accordance with the procedure established by law. This serves to further increase the responsibility of the population and women in the productive use of land.

CONCLUSION

To sum up, in the country, in particular, in the Fergana Valley during the years of independence, there are great opportunities for the development of family entrepreneurship, the involvement of the non-working class in entrepreneurship and home economics. Sufficient legal and financial benefits have been created in this regard. The goal now is to make effective use of the experience of active businesswomen who have grown from sole entrepreneurship to the level of a large family entrepreneur over the past years, and today manage large production facilities, joint ventures, study advanced foreign experiences, introduce them to production, and effectively use innovative approaches in this regard.

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