

---

## The Role of Banks in the Development of Small Business and Entrepreneurship

*Iskandarov Sunnatillo Baxriddin o'g'li*

*Teacher, Samarkand Institute of Economics and Service, "Real Economy" department assistant trainee*

*Ismatov G'olibjon Akmal o'g'li*

*Student of the faculty of economics of the Samarkand institute of economics and service*

---

**Abstract:** this article provides services to small businesses and business entities, their technical maintenance, material and technical support, product storage, processing and sales, communication and communication, consulting and information as production expands in small business entities. Information about a number of services such as

**Key words:** Infrastructure, small business, market infrastructure, technology park, business center, auditing company, business school, private banks, real sector, permanent, conditional-permanent and variable...

### Introduction.

Effective functioning and development of small business entities in our republic largely depends on the conditions created for them. Among the conditions that create a favorable opportunity for the development of small business, I should single out the infrastructure service.

With the expansion of production in small business entities, their demand for a number of services such as technical repair, material and technical support, storage, processing and sale of products, communication and communication, consulting and information is increasing. Because it is not enough to grant the status of legal entity to small business entities. Their full activity can be imagined only through perfectly organized infrastructure units. Infrastructure is a part of the economic system, it creates the necessary conditions for the smooth operation of production. The word "infrastructure" is translated from Latin and means "outside the structure".

From an economic point of view, the following description is more suitable for the essence of infrastructure: "a complex of specific labor processes in the creation of goods and services that provide exchange of activities in the process of human life and social production." In recent years, the infrastructure has been developing at a high pace. This can be explained by a number of factors. In particular, the rate of growth of production is ahead of the development of infrastructures, and this has an impact on the development of the economy.

The role of banks in the development of small business and entrepreneurship. Thanks to the transition to the market economy, a new financial policy has been developed in the country and is being implemented by the government in real life. The beginning of every economic activity in the society develops and improves thanks to the close financial support of the state. In particular, special attention is paid to increasing the role of banks in supporting small business and private entrepreneurship.

The main activities of small businesses and private enterprises are closely related to banks, and their activities include the purchase of raw materials, manufactured goods, payment for services rendered, providing employees with wages, and various types of enterprises. , firms and other economic relations with legal entities, that is, payment of taxes on profits and income, all types of payments for transport, utility services through banks, in turn, loans and other calculations is also done through banks.

It should be noted separately that before the independence of our country, banks and various economic relations with banks were not made public.

It is known to everyone today that all the activities of small businesses and private enterprises, which are an important part of the world economy, are connected with banks. That is why in developed countries, for example, in the USA, the banking system is extremely developed, and in the active economic activity of entrepreneurship, banks provide comprehensive services to enterprises of all forms of ownership.

Today, there are 30 banks operating in our country, of which 3 are state banks, 13 are joint-stock commercial banks, 9 are private banks, and 5 are banks with foreign capital.

The total current liquidity of the banking system is 10 times more than the current liabilities of banks for external payments. In other words, a strong protection of the banking system of our republic has been created. As a result of the strengthening of the banking system and the increase of public confidence in it, the volume of deposits is increasing significantly. Last year alone, the amount of people's savings increased 1.7 times. It can be seen from the picture that during the period of 2017-2021, the income of the population increased more than 16 times. In recent years, the composition of the bank's loan portfolio has been radically changing. If in 2017, almost 54% of the loan portfolio was formed due to foreign loans, then in 2020, 84% of the total loan portfolio of our banks was formed at the expense of internal sources.

In today's conditions, such a positive change is extremely important for the future development of our economy. It should be said that in most cases foreign loans are attracted for the long term, only for financing investment projects for the modernization of strategic sectors of the economy, support of small businesses and private entrepreneurs.

One of the important aspects of the support of small businesses and private entrepreneurs by commercial banks is the order of the President of the Republic of Uzbekistan No. 4051 of November 10, 2022 on the support of the joint-stock commercial bank "Mikrokreditbank" in support of business entities. According to the Decree on expansion measures:

- the maximum rate for preferential microloans in the amount of 200 times the minimum wage for starting a business activity for a period of up to 18 months from 5% to 3%;
- on microloans in the amount of 500 times the minimum wage for a period of up to 24 months to expand the activities of small business entities and replenish working capital
- from 100 to 50 percent of the refinancing rate by the Central Bank;
- The maximum rate for preferential micro-leasing services in the amount of 2,000 times the minimum wage for small business entities for a period of up to 3 years has been reduced from 7% to 5%.

The establishment of such significant benefits in lending leads to an increase in the demand for loans by representatives of this sector and the volume of loans granted to them from year to year. and its volume increased 14 times in 2022 compared to 2007. In the last ten years, the internal resources directed to lending to the real sectors of the economy have increased more than 25 times. In 2023, the share of long-term loans in total bank loans was 78.3 percent. From the above comments, it can be seen that the strengthening of the banking and financial sector in our country, the economic reforms implemented, the strengthening of the financial supply, the all-round support of the real sector of the economy, and the provision of stable economic growth .

Bank operations consist of active and passive operations, and passive operations are aimed at mobilizing funds in a certain direction.

Banks earn profits by mobilizing savings and temporarily idle funds through passive operations.

Active operations are related to lending operations of various types and are classified according to the following elements:

- Loans are designed for short, medium and long term.
- small, medium, and large loans are given to each client, taking into account their individual and financial capabilities;
- There are some types of collateral loans that require a special guarantee.
- Providing loans by type, i.e. by state, commercial, international and other types.
- Providing loans to legal entities and individuals by type.

Loans for temporary use, consumption, debt repayment, export and import operations. In the conditions of the current market economy, small businesses and private enterprises deal with various banks in their activities. This process is more complicated than the previous ones, because the previous processes were mainly characterized by the fact that the bank carried out its activities through enterprises.

Due to the formation of entrepreneurial activity, banks mobilize their funds to perform operations related to the activities of private property owners and small enterprises.

Lending operations between entrepreneurs and banks are carried out on the basis of a contract signed by both parties. In order to successfully carry out operations, every entrepreneur must thoroughly study the laws of the Republic of Uzbekistan "On Banks and Banking Activities" and apply them to Hungary.

It is known that the life and economic activity of business enterprises in the market economy is connected with currency operations.

Business enterprises have to carry out operations in both national currency and foreign currency when carrying out their foreign economic activities. In particular, foreign trade processes are directly related to currency transactions. Currency transactions are carried out by comparing the ratio of the currencies of the two sides according to the exchange rate.

Conducting audits and audits of small businesses and entrepreneurial entities. Audit firms also play an important role in the correct implementation of financial and accounting calculations in the economic activities of entrepreneurs.

Audit firms are one of the most important elements of the market infrastructure and perform independent financial control in order to protect the property interests of owners and the state.

Auditing in Uzbekistan is carried out on the basis of the Law of the Republic of Uzbekistan "On Auditing Activities".

Audit is an organization that conducts independent examination and analysis of financial statements of economic entities. Auditors (auditing firms) perform this.

Business activities cannot be carried out without sufficient and accurate information. This information consists of a set of information and messages necessary for business. Information is a form of communication between producers, sellers and buyers. Businessmen mainly work with various information such as statistical, financial, operational, organizational information, information in the form of orders, accounting, marketing information, supply, personnel, information and other information.

Information is again divided into internal and external, programmatic and regulatory information. Internal information consists of internal materials of a small enterprise or trade organization and includes information about the enterprise's activity, its technical and economic indicators, the volume of material and labor costs, cash flow, receivables and payables.

External information represents relations with producers and consumers, authorities, banks, competitors and other organizations. It consists of external messages about the terms of sale and purchase of goods.

### **Conclusions and suggestions.**

The main activities of small businesses and private enterprises are closely related to banks, and their activities include purchasing raw materials, manufactured goods, paying for services rendered, providing employees with wages, various types of enterprises, firms and economic relations with other legal entities, that is, payment of income tax, all types of payments for transport, utility services, as well as loans and other settlements are carried out through banks.

Bank operations consist of active and passive operations.

Passive operations are aimed at mobilizing funds in a certain direction. Asset management is related to various types of loans.

Taxes are money payments, which are defined by law and must be paid to the budget. Taxes, first of all, arise from the need to provide financial resources for the tasks of the state.

State and local taxes apply in the Republic of Uzbekistan. Since July 1, 2005, a unified tax system for micro-firms and small enterprises has been implemented. The audit service plays an important role in the economic activity of the business, the correct implementation of financial and accounting calculations. The main purpose of the audit is to determine the correctness of financial and economic operations of enterprises and compliance with the legislation of Uzbekistan.

### **References**

1. Mirziyoyev Sh.M. We will build our great future together with our brave and noble people. - Tashkent: "Uzbekistan" NMIU, 2023. - 488 p.
2. Mirziyoyev Sh.M. Critical analysis, strict discipline and personal responsibility should be the daily rules of every leader's activity. - Tashkent: "Uzbekistan" NMIU, 2021. - 104 p.
3. Mirziyoyev Sh.M. We will build a free and prosperous, democratic country of Uzbekistan together. - Tashkent: "Uzbekistan" NMIU, 2022. - 56 p.
4. Mirziyoyev Sh.M. Ensuring the rule of law and human interests is the guarantee of the country's development and people's well-being. - Tashkent: NMIU "Uzbekistan", 2021. - 48 p.