



THE CURRENT SITUATION AND ANALYSIS OF LENDING TO SMALL BUSINESS ENTITIES

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ABSTRACT

The purpose of this study is to explore the methods of small business entities to develop small businesses through the use of digital technologies. In this, it was highlighted that the development of lending to small business entities is of great importance, as well as suggestions and recommendations were developed regarding the use of digital technologies in lending to small business entities and their analysis.

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Enter. The COVID-19 pandemic, which has spread to many countries and regions of the world, has had a serious impact on the global economy: some large industrial enterprises and small business organizations have been forced to temporarily stop their activities. Interest in the digital economy has grown significantly due to significant changes in society and the economy. Modern technologies and platforms have helped businesses and individuals reduce costs by minimizing personal interactions with customers, partners, and government organizations, as well as making communication faster and easier. The result is a digital or electronic economy based on network resources. The word "digitalization" is actually a new term, which refers to the involvement of IT solutions in the process of innovative management and administration, and as a result, the use of information technologies in all systems, from Internet of Things to e-government. The main source of the digital segment of the economy is the growth of the transactional sector. In developed

countries, this indicator makes up more than 70 percent of GDP and combines public administration, consulting and information services, finance, wholesale and retail trade, as well as services (utility, personal and social). At the same time, the absence of an effective rating system for the development of the digital economy and electronic government, as well as an interdepartmental mechanism for its implementation, prevents an in-depth analysis of the current state of the digital transformation of economic sectors and regions. However, the absence of an effective rating system for the development of the digital economy and electronic government, as well as an interagency mechanism for its implementation, indicates that a deep analysis of the current state of the digital transformation of economic sectors and regions is an urgent issue.

Analysis of literature on the topic. Different definitions and interpretations of the concept of digital economy and small business are presented in the scientific literature, and the role and importance of using digital technologies in the development of a sustainable economy is scientifically based. For example, Academician S.S.G'ulomov (2021) defined the digital economy as an economy characterized by maximum satisfaction of the needs of all participants through the use of information, including personal information. A.V.Keshelava, VG Budanov, V.YU. Rumyantsev (2018) and others introduced the concept of "hybrid world" in order to explain the nature of the digital economy. According to them, "digital economy" is an economy that exists in the conditions of a hybrid world. In this definition, the term "digital economy" is deliberately used in quotation marks. Because they believe that there is no such thing as a separate "digital economy" within the overall economy. The monograph published by G.N.Andreeva (2018) and others gives the following definition: "Digital economy is a systematic set of economic relations related to the production, distribution, exchange and consumption of goods and services in techno-digital form.

V.I.Tkach (2018) defines the essence of the term "digital economy" as follows: "Digital economy is the widespread use of digital platforms, algorithms, cloud infrastructures and changes in socio-ethical aspects in society, focusing on the use of intellectual capital in the context of security and synergy management. is a large-scale structure of people, businesses and things aimed at the sustainable economic development of property and gross domestic product at the global, macro, meso and micro levels". According to the definition given by M.Nikrem et al. (2016), the digital economy is the share of production carried out at the expense of "digital" resources in the total economic output. These digital resources include digital skills, digital equipment (accessories and components, software and communication equipment), intermediate digital products and services used in the production process.

Among local scientists, Muminov NG and Zakhirova GM (2020) noted the great importance of the state procurement system in the digitalization of the economy and the development of e-commerce.

In modern economic literature, there is no unified scientific definition of the activity of small business and private business entities. For example, A. Busigin (1992) defines the private sector as a special type of economic activity aimed at obtaining profit (income). He understands that the purpose of his activity is to produce and sell such a product that is in demand in the market and should bring profit to the entrepreneur. He considers small business as an economically active sector, and expresses its basis as a profit-oriented activity, and entrepreneurial activity as an understanding of the activity of production and sale of products for the purpose of profit. As a result, the content of the concept of small business refers to the purposeful activity of producing and selling a product that is in demand in the market.

Foreign economist M.Yunus (2010) expressed an opinion on the financial support of small business

entities and emphasized that the main attention should be paid to the social effect of lending when lending to small business entities that have started a new activity. This scientist noted the increase in the demand for loans at market rates after the expansion of the financial capabilities of small business entities.

Also, one of our local scientists on improving the process of informatization and digitalization in the economic sphere, J.K.Kambarov, N.J.Makhmudova (2016) played an important role in their scientific work in establishing the rules of industrial economy telecommunications, in supporting research and innovation in setting technical standards, which and, in turn, expressed opinions that it helped the emergence of a new sector of the innovative economy - the digital market. Therefore, the modern digital revolution is mainly related to market and technological innovations. Most of the production activities and services are obtained through information technology. This century has become the century of informatization and digitization of information. Also, in the scientific article written by I.Yu. Umarov (2020), proposals and recommendations were developed on ways to improve business efficiency in innovative management in the digital economy. In his research, L.V.Lapidus (2018) developed theoretical rules and practical recommendations for managing e-business and e-commerce in terms of changing business models under the influence of the evolution of digital technologies.

Also, in the State program for the implementation of the strategy for the further development of the Republic of Uzbekistan: "The main factor of the production of the digital economy is digital data, using the results of large volumes of processing and analysis, compared to traditional forms of management, various production, technologies, equipment, can significantly increase the efficiency of storage, sale, delivery of goods and services.

Taking into account the opinions of a number of economists, today it is necessary to further encourage the expansion of investment activities of commercial banks, to strengthen their resource base in order to increase the volume of financing of long-term investment projects aimed at modernization of economic sectors, technical and technological re-equipment.

Research methodology. In the preparation of this article, the formality of regulatory and legal documents, used literature and Internet information, the comparative and critical analysis of the scientific and theoretical views of economists on the subject, the results of the study and generalization of advanced foreign experience, and the introduction of suggestions and recommendations into practice marked with Systematic analysis, generalization, and abstract-logical thinking were used during the study of the subject along with general economic methods.

Analysis and results. In countries that started the digitization process much earlier, the pandemic accelerated the development of the digital economy, digital technologies, e-commerce, as well as the modernization of delivery services and logistics. Even in countries where this sector is not well developed, the pandemic increased the need and demand for digitization, accelerated these processes and required adaptation to new conditions.

Today, digital technologies are rapidly penetrating all fields and people's lives. The development of the digital economy has become the most important task in our country. In the decision of the President of April 28, 2020 "On measures for the widespread introduction of the digital economy and electronic government", by 2023 the share of the digital economy in the country's gross domestic product should be increased by 2 times, the volume of services in this field should be increased by 3 times, and their export

should reach 100 million US dollars. the task of delivering to the dollar is set.

Switzerland, China, the USA and the Netherlands took the next places. China ranked third because of its high population intelligence, while the United States ranked fourth thanks to the number of Nobel laureates. South Korea, Taiwan and Singapore are in the leading positions in terms of the number of educated (intelligent) young people, but they did not rank high only because of the small number of Nobel laureates.

Due to the scale of activities of small business entities, limited financial and personnel resources, as well as the lack of business diversification, the system of financial management methods in small organizations should be focused on the most important functions and management objects. At the same time, financial management methods should be comprehensive and highly informative. As part of implementing a strategic approach to financial management of small organizations, special attention should be paid to the main methods of financial management, the effectiveness of which directly depends on the subject of management.

So, from a functional point of view, the main elements of the financial management system in small business entities are planning, analysis and control. From the point of view of analytical procedures, it is important to obtain the most complete information about the state of a small organization within the framework of a limited number of financial analysis methods. First of all, such methods include factor analysis, which allows for a comprehensive assessment of the financial situation and, at the same time, takes into account the changing trends of the analyzed indicators. A similar approach to financial analysis in small organizations has been studied by many scientists.

Figure 1 below shows the system of the main methods of financial management in small business entities, as well as the interrelationship of the highlighted methods.

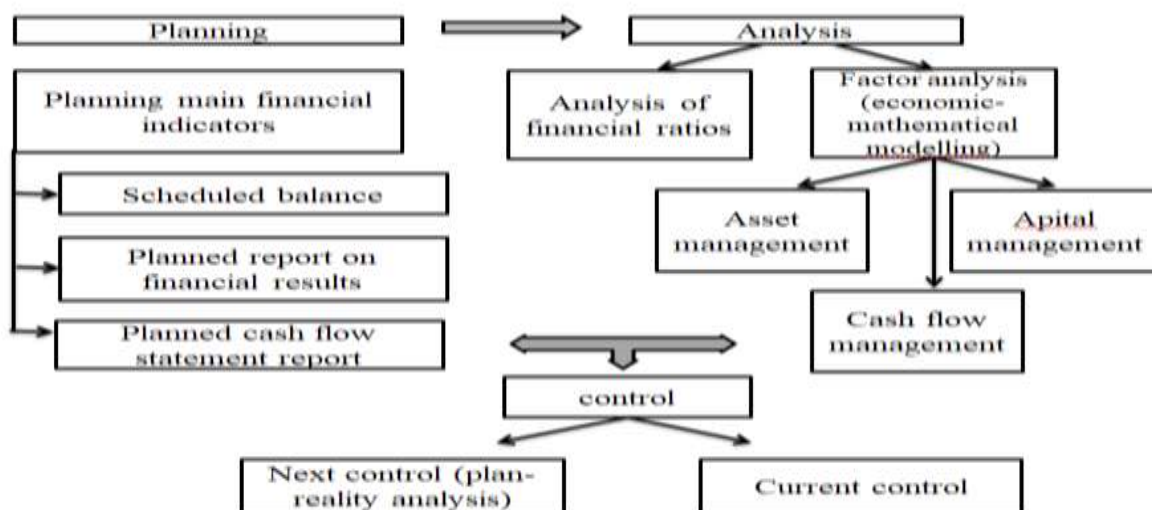


Figure 1. The system of the main methods of financial management in small business entities

In our country, regulatory and legal documents have been adopted regarding the financial support of small business entities, including the implementation of the "Every family is an entrepreneur" program of the President of the Republic of Uzbekistan № PR-3777 of June 7, 2018 on increasing" Resolution of the President of the Republic of Uzbekistan dated November 17, 2017 № PD-5242 "On further development of handicrafts and comprehensive support measures for craftsmen" and Decree of the President of the Republic of Uzbekistan dated June 27, 2018 № PD-5466 on the State program "Youth is our future". In order to ensure the effective implementation of the tasks defined in these Resolutions and Decrees, measures are being actively implemented by commercial banks to direct loans to the development of family entrepreneurship, comprehensive support of artisans, and encouragement of entrepreneurial activities of young people, these loans more than 20,000 new jobs were created in the regions. In particular, in 2021, 6.8 trillion will be allocated to the population for the implementation of entrepreneurial activities. the allocation of loans in the amount of soums is explained by the active implementation of measures aimed at the development of this sector and increasing the income of the population by providing employment. In order to support employment among women and develop entrepreneurship, especially in order to widely involve young girls in rural areas in family and private entrepreneurship, handicrafts, the amount of bank loans allocated to women who expressed a desire to engage in entrepreneurship by the end of 2021 compared to 2017 7.7 trillion with an increase of almost 3 times. amounted to soum. In 2021, commercial banks are actively taking measures to attract credit lines from international financial institutions and foreign banks in order to finance investment projects of small business entities. As of January 1, 2022, for this purpose, commercial banks have established cooperation with more than 30 foreign banks and international financial institutions to attract their credit lines. Loans were allocated in the amount of US dollars or 3 times more than in 2017.

Table 1

Loans allocated for financial support of small businesses
(by main directions) (billion soums)

Main directions	Years				
	2017	2018	2019	2020	2021
Loans allocated from all financing sources, total	19564,7	30648,9	55430,0	48389,7	59552,1
<i>Of which:</i>					
Allocated microcredits	4015,0	6205,9	10777,5	10194,3	15092,4
For the development of family entrepreneurship and crafts		668,5	1136,1	6078,5	8566,3
Service to develop the display and service sector	3582,2	6547,8	8772,2	5959,8	18176,6
to support women's entrepreneurship	2782,3	3361,5	4499,8	4895,9	7756,8
to implement entrepreneurial activities for the population		1748,7	4906,3	3602,1	6830,0

From the account of foreign credit lines (million US dollars)	521,8	1039,3	1633,7	2139,0	1756,2
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Investment goals and initial expand the allocation of loans for capital formation and increase the volume of microcredit the implementation of the policy aimed at wide involvement of the population, especially low-income families, in business activities and increasing their well-being allows to achieve positive results.

The widespread introduction of the digital economy is important for the increase of production efficiency, the development of new sectors and industries, the optimization of the quality of services and their provision, the economy serves human interests, and thereby improves the quality of life.

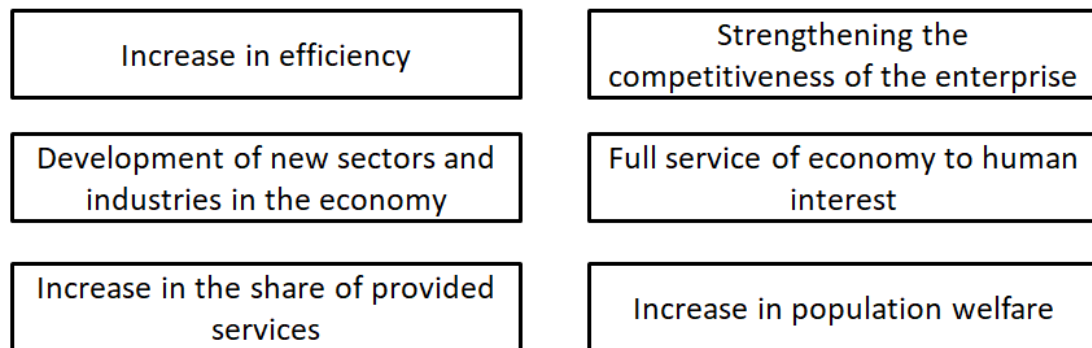


Figure 2. The advantages of the digital economy in the development of small business and private entrepreneurship

Dynamically increasing the level of digital technologies provides developed countries with the opportunity to become more powerful and develop faster thanks to digital technologies, while developing countries, on the contrary, require large amounts of money to create or purchase digital technologies. there are no sharp jumps in the level of development. The effective use of digital economy technologies in the development of small business entities provides great opportunities for the new organization of financial assets, payment system, labor, goods and services market, and their development on an innovative basis.

In countries with a developed digital economy, both the volume of GDP and the share of GDP per capita are high. In this regard, the attention of the head of our state to this issue at the state level has one goal, which is, firstly, to raise the standard of living of the population, and secondly, to increase the real income of the population.

Conclusions and suggestions. The following conclusions were formed in the course of scientific research on ensuring the effective use of digital economy technologies in the development of small business entities in our country:

1. The digital economy is a system of economic relations based on the use of digital information and communication technologies. The digital economy has many advantages. This reduces the cost of payments and opens up new sources of income. The costs of providing online services are lower than in the traditional economy (primarily due to cost reduction), and the services themselves are much cheaper both socially and

commercially. In addition, in the digital world, goods and services can quickly enter the mass market and have access to anywhere in the world. The product offering can be instantly modified to meet the new wants or needs of the consumer. The digital economy provides a variety of information, education, science and entertainment content faster, better and more conveniently.

2. The development of the effective use of digital economy technologies in the development of the activities of small business entities is one of the issues of strategic importance for Uzbekistan, which determines its global competitiveness, as well as for other countries. It should also be recognized that the most acceptable measure for Uzbekistan today is to get rid of technological backwardness in the short term. Currently, due to the lack of sufficient number of full-fledged economic entities in our country, there are no conditions for the formation of a mature and full-fledged digital economy by itself. This shows the need to create conditions for the development of the digital economy in our country, to direct it to the most necessary areas and to stimulate this process to the extent possible.

3. The digital economy is the development of information, communication and economic and financial innovative technologies, as well as the possibility of full interaction of all subjects of economic activity in the hybrid world, that is, objects and subjects of the process of creation, distribution, exchange and consumption of goods and services can be distinguished by the openness of the infrastructure it provides. Also, for the effective use of digital economy technologies in the development of small business entities, all economic objects and entities should have significant digital components.

4. The most active driver of the digital economy is the state. He is the main customer and consumer of the digital economy. For example, China spent about 9 billion dollars for these purposes. Market capitalization is 210 billion. Alibaba Internet resource, which has more than USD, proved that these investments were well spent. A country that wants to get the most out of digitization needs to create and support a market for the necessary high-tech products. At the same time, while developing private applications for public administration, important sectors and enterprises, it is also important to keep the instruments controlling the main platforms of the electronic economy in their tracks.

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