

THE SOCIO-ECONOMIC IMPORTANCE OF DEVELOPING PRIVATE ENTREPRENEURSHIP AND SMALL BUSINESS IN THE REPUBLIC OF UZBEKISTAN

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Abstract. *This article analyzes the socio-economic importance of developing small business and private entrepreneurship in Uzbekistan. It highlights that this sector plays a crucial role in the national economy by creating new jobs, fostering innovation, and supporting sustainable economic growth.*

Keywords: *private entrepreneurship, small business, economic development, economic growth, employment, innovation, state support, economic-statistical analysis, entrepreneurial entities, economic efficiency.*

The role of small and medium-sized enterprises in the economy of Uzbekistan has been steadily increasing. By 2025, the contribution of small business and private entrepreneurship to the national economy has become particularly significant. Economic reforms, state development programs, and mechanisms aimed at supporting entrepreneurial entities are being effectively implemented in Uzbekistan. These sectors play an important role in creating new jobs, introducing innovations, ensuring social stability, and supporting sustainable economic growth. As a result of reforms implemented in the small and medium-sized business sector by 2025, economic growth rates and social welfare have significantly improved. This article analyzes the economic and social impact of small and medium-sized businesses in 2025, examines existing challenges and opportunities, and evaluates the effectiveness of state support mechanisms.

Small business and private entrepreneurship constitute an essential part of the national economy and play a key role in ensuring economic growth. In the Republic of Uzbekistan, the role of small businesses in economic development strengthened further in 2025 and accounted for a significant share of the gross domestic product. The development of small and medium-sized businesses contributes not only to economic stability but also to the advancement of innovative technologies, modernization of production processes, and stronger integration with international markets.

Employment remains a major concern for a large portion of Uzbekistan's population. The small business sector plays a significant role in creating new jobs, particularly in rural areas. In 2025, the small business and private entrepreneurship sector generated approximately 25 percent of newly created jobs. Such growth is

especially important for ensuring employment among youth and women and maintaining social stability.

To establish entrepreneurship, specific economic, social, legal, and institutional conditions must be created. Economic conditions include supply and demand for goods, availability of products for consumers, availability of financial resources for purchasing goods, and labor market conditions influencing wages and purchasing power. The availability of financial resources, access to capital, returns on invested capital, and opportunities to obtain credit for financing entrepreneurial activities also significantly affect economic conditions.

Various institutions forming the market infrastructure facilitate these processes. Entrepreneurs maintain constant interaction with these institutions while conducting commercial operations. These include financial institutions such as banks; suppliers providing raw materials, equipment, and production resources; wholesale and retail traders delivering goods to consumers; firms providing legal, accounting, and consulting services; employment agencies assisting with workforce recruitment; universities and training institutions preparing specialists; as well as advertising, transport, insurance, communication, and information services.

Small business and private entrepreneurship also have considerable potential to rapidly introduce innovative technologies and develop new products. In Uzbekistan, small businesses contribute to economic growth by increasing innovation activities, implementing modern technologies, and creating new services. In 2025, special attention was paid to the production of innovative products within the small business sector. This contributes to economic diversification and enhances national competitiveness.

In many countries around the world, guaranteed support mechanisms have been introduced to increase entrepreneurial activity among the population and accelerate the development of small businesses. The main objective of these mechanisms is to provide credit guarantees for small business entities. Such systems operate successfully in more than 100 countries, including the Republic of Korea, Japan, China, the United States, and countries of the European Union.

In addition to providing credit guarantees, these guarantee funds offer consulting services, practical assistance in business management, and support in resolving financing-related challenges. The role of small business and private entrepreneurship in the economy is not limited to economic growth alone; it also contributes significantly to social welfare.

The research results show that the economic and social impact of small and medium-sized businesses strengthened further in 2025. However, several challenges remain. It is necessary to further improve mechanisms supporting small business and private entrepreneurship, particularly by reducing difficulties faced by entrepreneurs in obtaining credit and lowering high interest rates.

Cooperation with large enterprises, the expansion of franchising systems, and the introduction of environmentally friendly technologies in small businesses are also important. The Government of Uzbekistan should continue to strengthen support mechanisms, expand tax incentives for small businesses, and increase access to financing.

In conclusion, by 2025 the small and medium-sized business sector ensured significant economic growth in Uzbekistan. The economic and social impact of small business has increased substantially. Small businesses play an important role in creating new jobs, introducing innovations, and ensuring employment for the population.

However, further reforms are required to develop this sector more effectively. Improving support mechanisms, simplifying credit procedures, and expanding tax incentives will significantly strengthen the contribution of small businesses to the national economy.

Furthermore, in order to increase the social impact of small businesses, it is important to introduce environmentally friendly technologies, promote socially responsible entrepreneurship, and expand access to new markets. These measures will contribute to sustainable economic development and increased social welfare in the country.

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