

Ways To Establish Financial Support for Entrepreneurial Activities

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ABSTRACT: This article will examine the advantages and analysis of financial support mechanisms for entrepreneurial activity in our country, as well as the prospects for development improvement. Additionally, it will discuss the current issues related to the development of financial support for business entities in our country, along with the author's proposed approaches and suggestions for addressing these problems.

KEYWORDS: entrepreneurship, small business, fundamentals of entrepreneurship, financial support, business, production, service, individual entrepreneurship

INTRODUCTION

The text examines the fundamental nature of entrepreneurship and its economic impact, alongside the actions of financial entities involved, while offering additional recommendations. It is essential to highlight that financial support for entrepreneurship serves as the cornerstone for developing this field. Consequently, this discussion will also address the active attraction of foreign investments, alongside bank loans, for the lending and development of small businesses. With the increase in foreign investment flows to Uzbekistan, a primary objective of state financial support for entrepreneurship is to establish an effective balance between public and private interests, as well as the interests of foreign nations, companies, and individual investors. During the economic transformation process, state financial support increasingly aims to engage small businesses and private entrepreneurs in entrepreneurial activities and to encourage their participation.

In his Address to the Oliy Majlis, President Sh. Mirziyoyev states, "It is necessary to give priority to supporting entrepreneurial initiatives aimed at solving social problems in the regions, particularly those focused on youth and women's entrepreneurship." To achieve this goal, our government will provide microfinance services and financial resources to both the population and entrepreneurs, as well as for government procurements. Our people will be more motivated and self-assured to become entrepreneurs and work towards increasing their income through such measures. This reflects the significant attention our government is dedicating to entrepreneurial activities. [1]

Today, the concepts of "entrepreneurship," "business," "private entrepreneurship," and "small business" are frequently understood in terms of their components, serving as means of effective activity within a country's economy while being interconnected with it. Simultaneously, these concepts represent both general economic and fundamental human ideas, as humanity has always sought to satisfy its needs and to achieve improved, more efficient outcomes from its actions, activities, relationships, and interactions with others. Nonetheless, the widespread implementation and further development of these activities in practice is regarded as one of the pressing issues requiring more in-depth examination during the process of economic transformation.

LITERATURE REVIEW

Based on the information provided, recent years have seen a proliferation of concepts and scientific studies in the literature by various economists regarding "entrepreneurship," "business," "private entrepreneurship," and "small business." In particular, M. G. Lapusta compares small entrepreneurship to an independent activity that engages in its own risky ventures, aimed at generating profit through the provision of services or the performance of work for legal entities and individuals, the sale of goods, and the utilisation of property. [2]

M.S. Kasimov, D.A. Shodibekova, M.A. Yusupov, and A.N. Samadov assert that running a business requires money above all else. Typically, a businessman does not possess sufficient personal funds and must resort to taking out a loan. This borrowing can enhance the entrepreneur's potential. However, there are two possible outcomes: it may yield profit (if the returns from the borrowed funds exceed the interest paid), or it may result in losses. Indeed, there can be instances of slowed development, shifts in production direction, and the necessity for equipment upgrades. [3]

According to Y. Abdullaev, Sh. Yuldoshev, "enterprises are a rapidly developing form of entrepreneurial activity, expressing the possibilities of independent production and creativity, and generating sufficient income for a good standard of living. The creation

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of branched entrepreneurial enterprises leads to employment of the population, an increase in the volume of products and consumer services in the markets. Small entrepreneurship creates independent development and healthy competition in a diversified economy, ultimately forming a business environment that counteracts the monopoly policy of large firms." [3]

According to Yu. I. Sizov and V. L. Fedorchenko, "Entrepreneurial potential is a set of human qualities and abilities that enable an individual to produce goods and services, market them, make rational and consistent decisions, create and implement innovations, and identify and use the optimal combination of resources to manage risks." [4]

According to A. Ya. Stepanov and N. V. Ivanov, "entrepreneurs are able to maximally satisfy consumer needs by making rational and effective decisions, taking into account the influence of the external environment; as a result, entrepreneurial potential is realised." [5]

Contrary to the views presented above, E. A. Fiaksel and N. G. Shubnyakova emphasise that, along with human abilities, external environmental factors also play an important role in the formation of entrepreneurial potential. [6]

It is evident from the data presented by the aforementioned scholars that, although the definitions provided for the concepts of "entrepreneurship," "business," "private entrepreneurship," "small business," and "entrepreneurial potential" are unique and varied, they share common and complementary elements.

Following a comprehensive analysis and examination of the definitions related to the concept of entrepreneurship explored during our research, we find it pertinent to propose the following definition.

Entrepreneurship is the process of creating and managing a business, typically involving the development of new ideas, products, or services for sale. An entrepreneur serves as the organiser and manager of a business, making financial, organisational, and strategic decisions to achieve success and profit. Additionally, the entrepreneur bears the risks associated with the business and plays a crucial role in fostering innovation, job creation, and economic growth.

RESEARCH METHODOLOGY.

The research employed scientific abstraction, grouping, comparison, and both retrospective and prospective empirical analysis. The article applies the comparative method to examine the organisational and legal foundations of financial support mechanisms for entrepreneurship in global practice and in developed countries, contrasting them with the existing frameworks in our country and formulating relevant conclusions.

ANALYSIS AND RESULTS.

The concept of "entrepreneurship" in today's modern economy is multifaceted and accessible from various perspectives. The most general definition categorises entrepreneurship as an economic activity characterised by risk; the sale of products, works, and services; and the pursuit of profit. When examining entrepreneurial activity, a common inquiry pertains to the distinction between the concepts of "entrepreneurship" and "business." The literature often uses these terms interchangeably. However, the concept of business is considerably broader than that of entrepreneurship, as it encompasses any independent endeavour aimed at generating profit through the sale of in-demand goods and services. Conversely, entrepreneurship invariably involves an element of innovation to varying degrees. The characteristics of entrepreneurial activity provide a basis for differentiating it from other forms of activity. An undertaking cannot qualify as entrepreneurship if it does not satisfy at least one of these characteristics. Essentially, entrepreneurship is an initiative-driven activity undertaken at one's own risk, with the goal of consistently generating profit through the sale of goods, works, and services.

Recently, our country has implemented several practical initiatives in this domain. Specifically, to swiftly advance entrepreneurship within the horticultural sector and greenhouse farming, improve management systems, and establish effective mechanisms for state financial support, as well as to enhance the production of high-quality, competitive, and export-orientated products based on modern resource-saving technologies, the Resolution of the President of the Republic of Uzbekistan No. PP-4246, dated 20 March 2019, titled "On measures for the further development of horticultural and greenhouse farming in the Republic of Uzbekistan," was adopted. Following this resolution, the Agency for the Provision of Agricultural Services was established under the Ministry of Agriculture of the Republic of Uzbekistan, with its primary tasks defined as follows:

- We are developing and implementing complex programs that are specifically designed to ensure the sustainable development of intensive fruit and vegetable cultivation, viticulture, and greenhouse farming.
- Expansion of areas for intensive fruit and vegetable cultivation, small-scale grape plantations, and greenhouse farms using modern resource-saving technologies, including drip and rain irrigation systems, alongside measures to diversify the types of intensively grown fruit, vegetable, and grape products based on market analysis.
- Organisation of scientific achievements and the application of advanced scientific developments, alongside the extensive use of intensive agro-technologies in horticulture, viticulture, and greenhouse farming, while considering the soil and climate conditions of various regions.
- Expansion of plantations of Khoraki and Kishmishbop grape varieties, with support for the comprehensive modernisation of viticulture enterprises and an increase in export potential.

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- We are working in partnership with the Agency for Technical Regulation of Uzbekistan to introduce international certification standards for horticultural farms, food production, raisin grape plantations, and greenhouse farms.
- Organisation of the storage, sorting, processing, and export of fruit, vegetables, and viticultural products, as well as the development of fruit and vegetable clusters (cooperatives) that create an added value chain in these sectors, based on the "from field to shelf" principle.
- We are promoting local and direct foreign investments in the sector to produce competitive products, organise their sales, and enhance export potential through in-depth market research.
- We formulate suggestions for locating and cultivating fruit and grape varieties that are highly sought after in international markets.
- We collaborate with local and foreign educational institutions, research institutes, foreign organisations, and leading industry manufacturers to train specialists in intensive fruit and vegetable cultivation, viticulture, and greenhouse farming, enhancing their skills, and promoting the development and introduction of innovations.
- We maintain an electronic register of orchards, greenhouses, and grape plantations in collaboration with the Cadastre Agency under the State Tax Committee of the Republic of Uzbekistan.

Because of the implementation of the designated tasks, the "Fund for the Development of Horticulture and Greenhouse Farms" was established in accordance with Resolution No. 481 of the Cabinet of Ministers of the Republic of Uzbekistan, dated 11 June 2019, titled "On Approval of Regulatory Legal Acts Regulating the Activities of the Agency for the Development of Horticulture and Greenhouse Farms under the Ministry of Agriculture of the Republic of Uzbekistan."

Table 1. The volume of subsidies allocated from the Horticulture and Greenhouse Development Fund, as of 1 May 2023, is presented in million soums¹.

Project number	Name of the districts	Subsidized farm name	Newly established gardens, (ha)	Allocated subsidy funds, (million soums)
5	Overall		707	9 037,3
1	Khatirchi	"AGRO FAYZ BARAKA 2020" LLC	20,0	428,8
1	Overall		20,0	428,8
1	Payariq	"Ingichka uzumzorlari" LLC	424,5	6 516,0
1	Overall		424,5	6 516,0
1	Tashkent	"Alisher Fayz Murruvat" LLC	52,5	396,9
1	Overall		52,5	396,9
1	Kuva	"Sun Fruit Natural" f/x	5,0	35,1
1	Overall		5,0	35,1
1	Khojaobod	"Navigul" LLC	205,0	1 660,5
1	Total		205,0	1 660,5

According to Table 1, by May 1, 2023, the Fund had allocated 9 billion soums—5.7 billion soums for 707 drip irrigation systems and 3.3 billion soums for 28 wells and pumping stations—across 5 projects undertaken by 5 entrepreneurial entities.

Since its establishment, the Fund has allocated a total of 326.9 billion soums to 1,365 projects involving 1,180 enterprising business entities. This includes 236.3 billion soums for drip irrigation systems, 71.1 billion soums for wells and pumping stations, 10.7 billion soums for seedlings, 6.2 billion soums for trellises and lemons, and 2.6 billion soums for other purposes. As a result of these allocations, 36,990 hectares of new orchards and vineyards have been established, along with the implementation of drip irrigation technologies and the construction of 624 wells and pumping stations.

The following sources of funding have been identified for the establishment of the Horticulture and Greenhouse Development Fund: 50 percent of the amount exceeding the initial price of the rights to land plots sold at open auctions by the State Unitary Enterprise "Centre for Organising Electronic Online Auctions" under the State Assets Management Agency of the Republic of Uzbekistan; loans and grants from international financial institutions and foreign government organisations; other funds that are not prohibited by law.

The funds of the Fund are allocated to the following purposes: implementing targeted complex programs aimed at ensuring the sustainable development of intensive fruit and vegetable growing, raisin grape plantations, and greenhouse farms; carrying out

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irrigation measures in orchards, raisin grape plantations, and greenhouses, which includes water supply, construction of artesian wells, wells, and reservoirs, as well as the purchase of pumps, pipelines for water supply, and water storage tanks; providing subsidies to cover part of the costs of purchasing intensive seedlings (small and semi-small) and grafts cultivated in local conditions; strengthening the material and technical base of the agency, its organisations (project offices), and the state enterprise "Agroservice Operator," which involves providing financial incentives to employees in accordance with the collective agreement and paying bonuses; This includes attracting foreign specialists and consultants in the fields of intensive fruit and vegetable growing and viticulture, as well as providing training, retraining, and advanced training for agency employees, gardeners, and greenhouse owners.

engaging in other activities related to the fulfilment of the tasks assigned to the Agency.

In general, as the President of our country, Sh. Mirziyoyev, emphasised, "Clusters in all areas of agriculture should be the locomotive of entrepreneurship development in the regions," and "the cluster system signifies interest, the incorporation of science and innovation into the sector, the future, and the competitiveness of agriculture." Inspired by the Head of State's assessment of the role of clusters in the agricultural sector, farmers and livestock breeders are reaching out to representatives of agro-cluster leaders with an appeal. [7]

CONCLUSION.

As a result of the aforementioned considerations and practical work, we can assert that the role of cooperation between agroclusters and producers in the development of horticulture and greenhouse farms is particularly significant within the economy. Local government organisations, agricultural producers, and processing enterprises organise entrepreneurs involved in horticulture and greenhouse farming. A key aspect of their organisation is its high level of trust among participants, which is fostered through the practical implementation of joint projects that integrate production, processing, sales, and scientific research processes related to horticultural products.

Furthermore, the allocation of irrigated land plots with a credit rating of 50 or more points for newly established gardens and greenhouse farms, as per the procedure established by the Cabinet of Ministers of the Republic of Uzbekistan in collaboration with the Ministry of Agriculture, will further stimulate the growth of this sector.

The implementation of water-saving irrigation technologies, specifically drip and sprinkler systems, is being facilitated through subsidies from the State Support Fund for Newly Established Gardens and Greenhouse Farms, as well as the State Budget of the Republic of Uzbekistan. The favourable climate in our country, along with high soil fertility and historical experience in viticulture and horticulture, presents an opportunity to establish the wine industry as a potential "growth point." Projects in this area also offer significant opportunities for attracting foreign investors.

An essential component of the agro-industrial complex is the "product procurement system," which is designed to ensure the timely receipt, storage, and delivery of agricultural products, including fruits and vegetables, to consumers. However, the current procurement system is imperfect; therefore, establishing contracts with peasant farms and developing a mechanism for mutual settlements without forming a legal entity would significantly contribute to the development of horticulture and greenhouse farms.

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