

THE ROLE OF THE FINANCIAL MARKET IN THE DEVELOPMENT OF SMALL BUSINESS AND PRIVATE ENTREPRENEURSHIP

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Abstract: *This article explores issues related to the necessity of supporting small businesses and private entrepreneurship, as well as the need for the development of small businesses and private entrepreneurship in the context of the New Uzbekistan, utilizing financial market instruments. The proposed approaches for further expanding the involvement of small business enterprises in the financial market are also outlined.*

Keywords: *small business, financial market, instrument, interest rate, financial institutions, financial relationships, mechanism, resource, potential.*

INTRODUCTION:

In the context of the New Uzbekistan, the development of small business and private entrepreneurship (SBPE) needs to address three tasks:

1) Achieve 70-80% of the gross domestic product (GDP) production in this sector within the next five to ten years, making the development of this sector one of the most important sources of employment and income growth for the population.

2) Ensure political, economic, and social stability in our country.

In the ongoing deepening of economic reforms in our republic, the development of small businesses (SB) holds significant socio-economic importance. This is because:

a) Small businesses, alongside large enterprises, form the backbone of the state's economy.

b) The prosperity of the country often depends on the performance of medium-sized enterprises, ensuring timely and efficient satisfaction of demand, and supplying the population with necessary and innovative products.

c) Ensure that SB remains the locomotive, creating favorable conditions for the development of a market economy in the context of the New Uzbekistan.

The financial market is a distinct component of any country's overall market, and its foundation is the market for real innovative products. The financial market must function as a structure supporting the real economy and commodity market, providing financial support and coordination between the commodity market and the economy, expressing the objective state of the economy as a whole, and being a determining factor in economic development. The financial market is a system defining a set of complexes related to financial instruments but having a legal basis and creating necessary market conditions. This system is operated by all economic entities within targeted objectives.

In the context of the New Uzbekistan, the financial market emerges as a highly organized and continuously evolving, increasingly globalized specialized market and a complex system, acting as a combination of institutions and relationships within its own environment.



Undoubtedly, the adaptation of the financial market to new conditions relies on specific models. The model built upon it helps avoid shocking realities that may occur in the financial system. The financial market and its instruments should be geared towards supporting financial relationships and mitigating crises. Additionally, significant attention must be given to the production sector SBPE; otherwise, it could have a detrimental impact on the economic situation. Therefore, financial markets shape the development not only of the national economy but also the global economy. The financial market encompasses the following segments (Fig. 1):

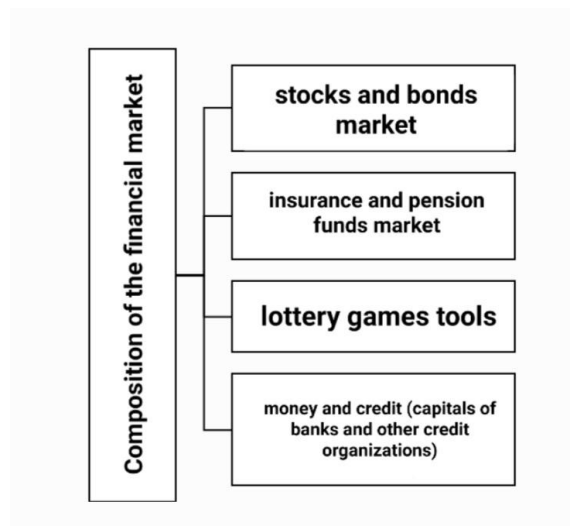


Figure 1. Financial market composition

The financial market can effectively function only in the presence of:

- Objective supply and demand equilibrium, adherence to market laws, principles, and legislation.
- An efficient system of ownership.
- Effective operation of financial market infrastructure.
- Competitiveness and security, predictability of risks.
- Financial instruments backed by an adequate fund (funds, financial resources) and an economic-legal mechanism designed for investment.
- Financial stability.

Characteristics of the financial market include:

- Free competition, objective market prices, risk, openness, equal opportunities, dimensionality of factors and realities.
- A dynamic system with an organized complex infrastructure and a mechanism of action, ensuring financial instruments and related legal relationships.
- Providing market infrastructure for the free circulation of financial instruments.
- Business potential, transparency of market participants.
- Market order.
- It is necessary to establish optimal sizes and prices of financial instruments based on objective supply and demand.

Support for SBPE in Uzbekistan is provided by the Chamber of Manufacturers and Entrepreneurs. Its main task is to develop and strengthen local economic activity, form a class of owners, and protect their interests. In our republic, a corresponding infrastructure to support SMEs has



been practically established, including various funds, agencies, and services offering educational, advisory, and informational services.

In general, the functioning of financial markets is crucial from an economic perspective. Primarily, it enables the investment of money in production, allowing the country to accumulate resource potential for increasing its production capacity. Additionally, capital movement and targeted placement in financial markets contribute to the acceleration of scientific and technological development and the faster implementation of technological advancements.

Therefore, the role and significance of the financial market in attracting and distributing financial resources are substantial. In this regard, it is necessary for every employee (manager) working in financial organizations, directly related to these types of services, to be qualified, experienced, knowledgeable, capable, and, most importantly, responsible in their field. Such demand creates the basis for greater support of SBPE directly through financial market institutions. Thus, in current conditions, there should be a time-sensitive requirement to create the opportunity for widespread use of financial market tools for each SBPE entity.

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