

THE ROLE OF BANKS IN SMALL BUSINESS DEVELOPMENT

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Abstract: *This scientific article focuses on the concept of small business in today's economy, as well as the role and importance of banks in the development of small business.*

Keywords: *small business, private entrepreneurship, state banks, joint-stock commercial banks, private banks, foreign capital*

Due to the transition to a market economy, a new financial policy was 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 business and private business entities by commercial banks is the decision of the President of the Republic of Uzbekistan dated November 10, 2018 No. 4051 to further expand the activities of the joint-stock commercial bank «Mikrokreditbank» in support of business entities. – in accordance with the Decree on events:

- the maximum rate for preferential microloans in the amount of 200 times of the minimum wage for starting a business activity for a period of up to 18 months from 5% to 3%;
- from 100 to 50 percent of the refinancing rate by the Central Bank for microloans in the amount of 500 times the minimum wage for up to 24 months to expand the activities of small business entities and replenish working capital;
- 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 determination of such significant benefits in lending leads to an increase in the demand for loans by representatives of this sector, and at the same time, the volume of loans given to them increases year by year.

The share of banks' loans for investment purposes in the total loan portfolio was about 70 percent, and the total volume of loans directed to the real sector of our economy increased 14 times in 2019 compared to 2000.

In the last ten years, the internal resources directed to lending to the real sectors of the economy have increased more than 25 times. Figure 2.3 shows that in 2019, 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 .

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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;
- some types of loans require a special guarantee, and there are loans provided in return for collateral.
- 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.

The fact that entrepreneurs are given a lot of freedom in their transactions with banks is shown in the fact that a private entrepreneur has the right to keep his savings in his account in various banks of Uzbekistan, to perform credit and cash transactions. According to the laws and contracts in force in relations between banks and entrepreneurs, settlements can be made by money transfer. Banks guarantee the storage of funds, securities and other important documents in the entrepreneur's account. In transactions with businessmen and clients, banks must perform further transactions within 12-13 hours after the money owner receives the order form.

Transfer of money to the account of property owners should be done in 4 working days in the city, 5 working days in the region, and 10 working days in the republic. If the conditions of this law are violated, the bank will pay a fine in the amount of annual interest to the client. The bank carries out operations related to customers based on their application.

Banks inform entrepreneurs about the changes made by the Central Bank of the Republic, the rules, especially about cashless operations on accounts. The bank will pay a fine of 3% of the amount transferred to the client for late transactions, wrongly sending money, as a culprit. If account documents are lost

due to the bank's fault, the client will be charged a fine of 3% of the amount specified in the document for each day.

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 transactions. 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. In the international arena, the US dollar is accepted as a base for currency quotations. The currency of other countries is compared to the US dollar according to the exchange rate. The dollar exchange rate is not eternal, it also changes. This change can happen every day. Therefore, banks calculate the exchange rate according to the exchange rates at the time of the bank's opening or closing. Every week, a table is given in the press about the change of the exchange rate. This information is important in the economic activity of entrepreneurs. The main place in currency operations is occupied by credit, securities, buying and selling of currency for profit. In the course of running a business, private property owners can purchase foreign currency freely by obtaining the right to have a foreign currency settlement account. Entrepreneurs also have the right to freely buy foreign currency for trading with foreign companies and entrepreneurs.

In general, the market economy creates legal opportunities for the circulation of the currencies of developed countries in the domestic market of the country. Entrepreneurs will have the opportunity to effectively use foreign exchange activities, buy new equipment and modern technology in foreign currency, improve the quality of service in production and service enterprises, produce high-quality goods in the production sector, and get a large profit from their sale.

Conducting audits and audits of small businesses and business 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

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The main purpose of the audit is to determine the correctness of financial and economic transactions and their compliance with the legislation and other regulatory documents of the Republic of Uzbekistan, their completeness, clarity, accounting or other is to determine compliance with the requirements used for financial accounting. Audit also includes consulting, i.e. signing a contract with the client and providing services. Audit activities do not replace the control of state agencies that have received special authority over the activities of economic entities. The main "moving person" of the audit is the auditor and the audit firm. An auditor is a specialist who has received the right to engage in audit activities in the prescribed manner and is included in the audit profession register. An audit firm is an organization engaged in providing audit services according to its charter after being established by a legal entity and an individual and registered in accordance with the established procedure.

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.

According to the time of use, the information is divided into operational, periodic and long-term, primary and secondary information according to the level of change.

Economic information plays a leading role in business, because it reflects relations in the process of production, distribution of material resources, exchange and consumption.

The role of scientific and technical information is also important for small enterprises, they reflect the development of production based on scientific and technical progress.

According to the level of permanence, information is permanent, conditional-permanent and variable. Permanent information does not change its meaning for a long time (information about the names of cities, enterprises, trade organizations, types of goods, etc.).

Conditional-permanent information retains its meaning for a certain period of time.

It includes technical conditions, standards, tariff amounts, position, salary, etc. for the production of products.

The main activities of small businesses and private enterprises are closely related to banks, 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, i.e. 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 introduced. 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.

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