



Research Article

WAYS TO FURTHER INCREASE THE EFFECTIVENESS OF SOFT LOANS IN SUPPORTING AND DEVELOPING FAMILY BUSINESS

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ABSTRACT

This article focuses on several reforms implemented in our country in recent years to further develop family entrepreneurship, support business entities, and provide them with benefits. Also, suggestions were made regarding the further improvement of the effectiveness of soft loans in the development and support of family entrepreneurship.

KEYWORDS

Soft loan, family entrepreneurship, business entities, economic reforms.

INTRODUCTION

In recent years, several measures have been implemented in our country to develop family entrepreneurship, provide employment, and provide financial support to youth and women's initiatives on a large scale.

The fact that today 16% of the world's population and more than 60% of our country's population are young people shows the importance of the role of entrepreneurship in helping young people achieve economic independence and gain their place in life.



At the same time, economic reforms aimed at the development of entrepreneurship and strengthening its legal and regulatory foundations are considered to be complex issues and require the development and implementation of careful control and continuous measures.

During the last 3 years in our country, more than 600,000 residents and business entities have been allocated soft loans in the amount of more than 15 trillion soums within the framework of programs aimed at the development of family entrepreneurship and the employment of young people and women with profitable work.

Decree of the President of the Republic of Uzbekistan No. 5466 of June 27, 2018, on the State Program "Youth-Our Future", Decision No. 3680 dated April 26, 2018 "On additional measures to improve the activities of farmers, peasant farms, and homestead landowners", Decision No. 3777 of June 7, 2018, on the implementation of the "Every family is an entrepreneur" program and based on decisions No. 3856 dated July 14, 2018 "On measures to improve and increase the efficiency of work to ensure the employment of the population", soft loans are available to residents and business entities who have expressed a desire to engage in certain labor activities aimed at earning income and to expand the type of activity. It is allocated for a period of no more than 3 years with a grace period of 3-6 months.

Also, to provide financial support to banking institutions, by the decision of the President of the Republic of Uzbekistan dated March 27, 2021, No. 5041 "On additional measures to be implemented within the framework of family business development programs", to finance family business development projects, the Ministry of Finance allocated 1.3 trillion soums to increase the authorized capital of authorized

banks, including 700 billion soums to Agrobank ADB, 400 billion soums to Mikrokreditbank ADB, and 200 billion soums to AT Xalq Bank.

At the same time, when studying the cases of effective use of soft loans for the development of family entrepreneurship and poverty alleviation among the population, several problematic situations were identified in practice.

In particular, in most cases, as one of the main problems, there is insufficient competition between the suppliers, as a result of unfair competition, there are cases of artificially increasing the price, even 2-3 times more expensive, by the suppliers who provide the population with poultry, cattle and, sheep in the regions.

In addition, studies have shown that registered suppliers in some regions are increasingly adding to the supplier list by pretending to have products that they do not have. As a result, the price of soft loans allocated by such providers through banking institutions has been increased several times and abuse is allowed by delivering them to the population in the form of low-quality products.

Studies have shown that the old mechanisms of monitoring the targeted use of soft loans by borrowers are not effective today, on the contrary, they create more favorable conditions for abuses and increase the cases of non-targeted use of allocated credit funds.

In particular, the monitoring of soft loans is limited to going to places and drawing up written documents. This does not justify itself sufficiently in today's digitalization processes and leads to the evaluation of monitoring results based on a subjective approach.

For example, according to the information of the Chamber of Accounts, it was found that 95 percent of



the 1,000 2-hectare greenhouses established in 2020 in the Baland Adir region of Chortoq district are now unusable and are not being used, the

In the Nurota branch of "Xalq Bank" 136 million soums were allocated with 6 credit agreements under the family entrepreneurship development program and were used for no purpose.

Also, when examining the problematic loans of 2.2 billion soums allocated to 20 individuals within the framework of the family entrepreneurship development program in the Navoi region, it was found that the loans allocated to 13 of them were used without purpose. In particular, 867 million soums of loans allocated to 51 loan agreements to 3 related citizens were spent without purpose.

When studying the international practice in this field, it was established that the mechanism of allocating loans and monitoring their targeted users will be implemented through a fully automated system. This, in turn, allows for a high level of transparency and openness in the allocation and purposeful use of loans. For example, in countries such as the Russian Federation, Azerbaijan, Singapore, and Great Britain, this system has been switched to a fully automated operational monitoring system.

In conclusion, we can say that the reforms implemented in our country are aimed at increasing the well-being of the population, creating decent jobs and necessary conditions for young people. At this point, we can put forward the following proposals to further increase the efficiency of soft loans allocated to the population to achieve these goals:

- Defining the exact criteria for evaluating the quality of services provided by suppliers;

- Strengthening measures against suppliers in cases of poor quality and untimely performance of their obligations;
- Organization of monitoring of the targeted use of loans, using modern solutions such as an automated electronic system that allows monitoring the targeted use of loans from the experience of international countries.

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