



# International Conference of Economics, Finance and Accounting Studies

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## **Economic Mechanism for Developing Small and Mediumsized Businesses in the Case of Surkhandarya**

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### **ABSTRACT**

Developing small and mediumsized businesses (SMEs) in Surkhandarya region with significant agricultural, trade, and resource potential requires a wellstructured economic mechanism tailored to its unique challenges and opportunities. An effective economic mechanism for developing SMEs in Surkhandarya should focus on financial inclusion, infrastructure development, market access, and skills enhancement. By leveraging the region's unique strengths and addressing local challenges, such an approach can stimulate economic growth, create jobs, and foster innovation.

**Keywords:** Developing small and mediumsized enterprises (SMEs), microfinance institutions, government grants and subsidies, venture capital funds, business incubators and accelerators, improved transportation and logistics, local market development, simplification of business registration.

### **Introduction.**

In the Uzbek area of Surkhandarya, growing small and medium-sized businesses (SMEs) requires a complex economic process. The following are some tactics that may be used to support the growth of SMEs in this sector:

**Financial Access:**

**Microfinance Establishments:** Create microfinance banks to offer financial services with flexible payback schedules and reduced interest rates specifically designed for small business owners.

**Government Subsidies and Grants:** Provide specific grants and subsidies to assist new businesses in their early phases. This might involve financial aid for the acquisition of equipment or for running expenses.

**Venture Capital Funds:** Promote the establishment of SMEs-focused venture capital funds that can mentor business owners and offer equity funding.

**Infrastructure Development: Accelerators and Business Incubators:** Establish incubators and accelerators to provide networking opportunities, workspace, and mentorship to aspiring business owners.

**Better Transport and Logistics:** Reduce costs for SMEs by improving roads and logistics services

to make it easier to transfer products and services.

### **Materials.**

**Market Access and Promotion:** Local Market Development: Arrange regional trade shows and exhibits to introduce prospective clients to local goods and enterprises.

**Digital Platforms:** By incorporating digital payment solutions, create e-commerce platforms that enable SMEs to access a larger market, even global ones.

**Education and Skills Development:** company Training Programs: Put in place training courses that emphasise financial literacy, company management, and entrepreneurship.

**Skills Workshops:** Hold workshops to build specialised skills that are needed in regional sectors, such as handicrafts, agriculture technology, etc.

**Regulatory and Administrative Support:** Simplify company Registration: To make it simpler for entrepreneurs to launch and run their companies, simplify the company registration and licensing procedures.

**Tax Incentives:** To promote expansion and investments, small and medium-sized businesses should be given tax cuts or incentives.

**Networking and Cooperation:** Industry Associations: Encourage the formation of industry associations so that SMEs may exchange information, resources, and market access.

**Public-Private Partnerships:** To assist the growth of SMEs, promote cooperation between the public and private sectors.

**Innovation and Technology:** Promoting Technological Adoption: To increase production and efficiency, make technology and new techniques accessible, particularly in industry and agriculture.

**Support for Research and Development:** Encourage cooperation between academic institutions and industry to advance research and development that addresses regional demands and difficulties.

**Put Sustainable Development First:** Green Business Projects Encourage environmentally friendly business methods that make effective use of local resources.

### **Research and methods.**

**Agricultural Development Programs:** Encourage organic farming, value addition, and the use of contemporary farming methods to assist SMEs in the agricultural sector.

The Surkhandarya region may establish a thriving small and medium-sized company ecosystem by putting these measures into place, which will support job creation, economic diversification, and regional growth as a whole.

The Surkhandarya area of Uzbekistan has economic processes that can support the growth of small and medium-sized enterprises (SMBs). Surkhandarya offers particular opportunities and difficulties because of its distinct geographic location, agricultural potential, and cultural legacy. These techniques will be modified to take into account their situation.

#### **Comprehending the Background of Surkhandarya**

Prior to delving into mechanisms, it is important to recognise:

The economy of Surkhandarya is dominated on agriculture, which produces cotton, wheat, fruits, and vegetables. This offers a possible weakness as well as a strength.

**Border Region:** There are commerce possibilities and security problems associated with being close to Afghanistan and Tajikistan.

**Infrastructure Requirements:** To accommodate company expansion, improvements may be

required to the energy, communication, and transportation systems.

**Access to Finance:** SMBs may have restricted access to money, especially those located in rural regions.

**Skill Gap:** There may be a demand for skilled workers in fields other than conventional agriculture.

**Potential for tourist:** The area's natural beauty and history provide chances for the growth of the tourist industry.

#### Economic Drivers of Surkhandarya's SMB Development

For clarity, the following customised mechanisms are categorised:

##### Financial and Capital Access:

##### Institutions of Microfinance (MFIs):

**Increase Coverage:** Promote the opening and growth of MFIs in rural regions that provide modest loans, particularly to female entrepreneurs and agribusinesses.

**Customised Loan Products:** Create loan products that are especially suited to particular company sectors (such as handcraft manufacturing) and the agricultural cycle (planting, harvesting).

**Low lending Rates & Grace Periods:** Take into account discounted lending rates and grace periods, especially for new companies and enterprises located in underprivileged regions.

##### Credit Guarantee Programs:

**Lower Lender Risk:** To lower the risk for banks lending to SMBs and promote more lending, a government-backed credit guarantee program should be put in place.

**Targeted Guarantees:** Give special attention to industries with significant room for expansion, such as food processing and tourism.

##### Angel and Venture Capital Investors:

**Attract Investment:** proactively look for networks of angel and venture capital investors who are interested in the unique potential in the area (such as projects involving tourism or the processing of regional agricultural goods).

**Matchmaking Events:** Plan gatherings to introduce prospective investors to nearby business owners.

**Crowdfunding Platforms: Assistance for Local Initiatives:** Promote the creation of regional crowdfunding websites that allow SMBs to collect money for particular initiatives.

##### Streamlined Procedures for Loan Applications:

**Cut Down on Bureaucracy:** Reduce the amount of paperwork and streamline the loan application process.

**Business Support Services: Business Accelerators & Incubators: Offer Resources & Mentorship:** Create accelerators and incubators that give companies access to resources, office space, training, and mentorship.

**Specialised Programs:** Develop initiatives especially for industries in the area that have a lot of promise (e.g., agritech, tourism).

**Business Development Centres (BDCs): Training & Consulting:** Expand BDCs to provide SMBs with market research, training, and consulting services.

**Language Support:** Given the backdrop of the border region, offer assistance with company growth in a variety of languages.

**Digital Literacy & Ecommerce Training: Market Access:** Put in place training initiatives to assist SMBs in using online marketing and e-commerce platforms to reach a larger audience.

**Development of Digital abilities:** Put an emphasis on helping business owners and their staff members develop their digital abilities.

**Export Assistance Programs: Market Entry Support:** Offer assistance, such as market research, logistics, and legal counsel, to companies wishing to export their goods.

**International Trade Shows:** Make it easier for SMBs to attend international trade shows.

## **Results.**

**Infrastructure Development: Improvements to Transportation Networks:**

**Road and Rail Improvements:** To make it easier to move people and products, make investments in modernising the roadways and rail systems.

**Logistics Hubs:** To cut down on transportation expenses, think about setting up logistics hubs.

**Communication Infrastructure: High-Speed Internet Access:** To facilitate e-commerce and digital enterprises, increase high-speed internet access, particularly in rural regions.

**Affordable Connectivity:** Make sure that all SMBs can afford internet connectivity.

**Reliable Energy Supply: Invest in Renewable Energy:** To ensure a sustainable and dependable energy supply, make investments in renewable energy solutions.

**Promoting Innovation and Adoption of Technology: Tech Transfer Initiatives: AgriTech Solutions:** Encourage the dissemination of cutting-edge agricultural technology to nearby farmers.

**Matching Programs:** Assist local companies and research institutes in establishing ties.

**Rewards for Using Technology:**

Provide incentives such as tax cuts and subsidies to companies that implement innovative technology.

**Technology Skills Development: Technical Training Programs:** Offer instruction in engineering, information technology, and other technical domains.

## **Discussion.**

**Aiding Particular Industries: Development of Agribusiness:**

**Value Addition:** To increase farmers' profits, promote the processing and packaging of agricultural goods.

**Modern agricultural Methods:** Encourage the use of contemporary agricultural methods to boost output and cut down on losses.

**Tourism Development: Tourism-Related Infrastructure:** Make investments in lodging, dining, and travel agencies.

**Promotion of Local Heritage:** To draw tourists, highlight the area's historical and cultural landmarks.

**Hospitality Training:** Offer courses in hospitality and tourist administration.

**Crafts & Handicrafts: Market Access for Local Artists:** Use trade shows and e-commerce channels to help local artists reach a larger audience.

**Preservation of Traditional talents:** Encourage the maintenance of traditional craftsmanship and talents.

**Establishing a Positive Regulatory Environment: Streamlined Company Registration**

**Cut Down on Red Tape:** Simplify the company registration procedure and lower administrative

barriers.

#### Clear Regulations:

**Clear and Consistent Rules:** To establish a stable business climate, make sure that rules are enforced transparently and consistently.

**Tax Incentives: Targeted Tax Breaks:** Provide tax breaks to companies and industries that generate employment.

#### Anti-Corruption Actions:

**Transparent Procedures:** Put policies in place to fight corruption and guarantee equitable competition.

#### Important Things to Think About When Implementing:

**Cooperation:** For implementation to be effective, there must be close cooperation between the public and business sectors, non-governmental organisations, and educational institutions.

**Community Involvement:** Include nearby communities in the development and execution of projects.

**Monitoring & Evaluation:** Keep a close eye on these mechanisms' efficacy and adapt as necessary.

**Sustainability:** Put your energy into developing long-term, regionally beneficial economic growth.

Surkhandarya can promote a thriving and inclusive SMB environment by putting these customised procedures into place, which will boost the region's economy, create jobs, and improve general prosperity.

#### **Conclusion.**

An economic system that is adapted to the particularities of Surkhandarya, Uzbekistan, including its agricultural potential, cross-border trade possibilities, and socioeconomic obstacles, is necessary for the development of small and medium-sized enterprises (SMEs). The agricultural foundation, tourist potential, and expanding connectivity of Surkhandarya should all be included into the state's SMB development plan. The area may promote long-term economic growth and job possibilities by creating a supporting environment with easily accessible money, infrastructure, training, and market access.

A thorough economic system may harness Surkhandarya's potential as a centre for commerce, agriculture, and renewable energy. A thriving SME ecosystem that propels economic growth and enhances lives may be fostered in the region by concentrating on financial inclusion, infrastructure, capacity building, and policy assistance. A customised economic mechanism is needed to develop small and medium-sized companies (SMBs) in Surkhandarya, an area with distinct socioeconomic and topographical characteristics.

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