

Access to Finance and the Role of Bank Loans in Women Empowerment in Uzbekistan

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Abstract:

The article highlights the importance of bank loans in the development of women's entrepreneurship in our republic. At the same time, the existing problems in this process, ways to eliminate them, directions for improving the current mechanism for financial support of women's entrepreneurship are highlighted.

Keywords: women's entrepreneurship, preferential loans, family business, lending, credit risk, guarantee fund, collateral, credit history, interest rate.

Introduction.

In Uzbekistan today, women make up more than 17 million of the country's population, and the share of women in entrepreneurship is equal to 25 percent of the total number of small business representatives. One of the priority tasks facing this direction is to increase the share of women among business entities to 40 percent. Favorable conditions are being created for this, a lot of work has been done in this regard [5].

As the President of Uzbekistan noted, the principle "For human dignity" as the main criterion of all our reforms will be set. In order to implement the noble idea that "the state is for the people", the development strategy of New Uzbekistan for 2022-2026[1] is developed in direct consultation with our people, based on the opinions and suggestions of our people. It should be noted here that the 69th goal of the Development Strategy is aimed at "Supporting women and ensuring their active participation in the life of society." It includes:

Approval of the National Program for increasing the activity of women in all aspects of the economic, political and social life of the country in 2022-2026 and the plan of comprehensive measures aimed at its implementation in 2022-2023;

Creating additional conditions for women's education, further increasing the position of women in the field of science;

organization of free educational practical courses on the formation of business skills among women, allocation of preferential loans and leases, establishment of cooperative entrepreneurship by involving women in work;

Reimbursement of medical treatment expenses of women who are included in the "Women's register" and need to undergo surgery;

Analyzing and implementing the practice of solving women's problems through the "Women's Notebook" and, based on the experience gained, the procedure for systematically solving women's problems and their social support by maintaining the "Women's Notebook" and the "Women's Notebook" Tasks such as the development of drafts of model regulations on women's support fund.

Consistent measures are being taken in our republic to ensure women's employment, increase their position and influence in state and community management, create conditions for them to show their potential, protect gender equality, family, motherhood and childhood.

In particular, in the New Development Strategy of Uzbekistan for 2022-2026 [1], the trends of Uzbekistan's development in the near and medium term, directions for comprehensive development of all aspects of state and community life are clearly defined.

It is not a secret that over the last five years in our country more than ten normative legal documents have been adopted to support women's entrepreneurship.[2] As a result, as of January 1, 2023, there are more than thirty-nine thousand small enterprises and micro-firms headed by female entrepreneurs[4].

Literature review.

The topic related literature include the Development issues of women's entrepreneurship in Uzbekistan by Annaeva N.R.[9] The issues of women's activity in socio-political processes, in particular, in entrepreneurship, in the dissertation of Aripov O.A. [10], Kh. Abduramanov Sh. It has also been thoroughly studied in the scientific works of Zakirov [11] and others.

The scientific works of Russian scientists such as Kolobova, A.E.[6], Pinkovetskaya, Utkina, N.Yu. Yu.S.[7] are focused on the development of women's entrepreneurship.

Scientific works of foreign economists E. Giddens, G. Sillaste, T. Parson formed scientific theoretical approaches to increase the role of women's entrepreneurship.

However, the existence of some problems in the development of women's entrepreneurship in our republic justifies the relevance of conducting research on this scientific topic.

Research methodology.

Theoretical and methodological basis of this article involve general economic literature and scientific articles, scientific works of economists, economic views of scientists and representatives of the field in improving the development of women's entrepreneurship, analysis of their opinions, expert evaluation, monitoring of processes, systematic approach to economic events and processes, a comparative analysis are conducted; conclusions, suggestions and recommendations are given in the relevant directions. In the process of studying the topic, in addition to general economic methods, special approaches to data structuring, such as comparison, compilation of theoretical and practical materials, and systematic analysis were used.

Analysis and results.

In our republic, in the development of women's entrepreneurship, special attention is paid to attracting women and girls to entrepreneurship, who are in need of social protection, live in difficult conditions, and are temporarily unemployed.

In order to attract women to business activities, according to the decision of the President of the Republic of Uzbekistan No. PF-87 of March 7, 2022, it is planned to increase the amount of subsidies allocated to women entrepreneurs from 7 million to 10 million soums. [3] This subsidy is given for the purchase of equipment and tools necessary for starting a business and running a business. [12.]

For information, it is worth mentioning that the international business women's association "Tadbirkor Ayl" was founded in 1991. Today, there are about 17,000 members, 73 regional branches, and more than 200 trainers. More than 10,000 women from the remotest regions of the country participated in trainings on the basics of entrepreneurship in 9 months, more than 9,000 women were provided with jobs by the association. With the support of the association, 1,547 women received loans in the amount of 22 billion 700 million soums. Within the framework of the projects, 154,000 US dollars were allocated to grant holders for the implementation of their creative business plans. To date, the number of regional divisions of the association has reached 73 [13].

"Women's Entrepreneurship Week" is held every year in our country by the international association of businesswomen "Tadbirkor Ayol" dedicated to the International Women's Entrepreneurship Day on November 19. This initiative is widely celebrated in 144 countries.

But at the same time, there are some problems in financing women's entrepreneurship. In particular, low financial literacy of women and girls, lack of provision in financing, lack of experience in carefully developing business plans, etc. (Fig. 1)

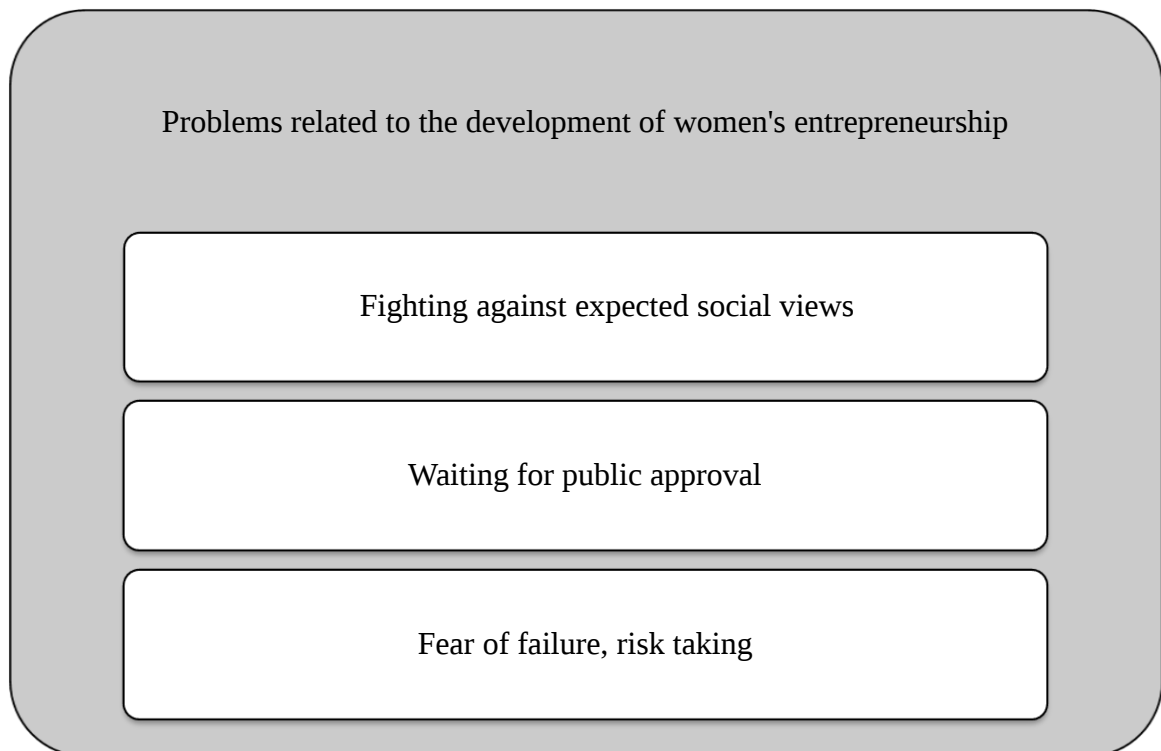


Figure 1. Problems related to the development of women's entrepreneurship
(Created by the author)

Fighting against expected social views. Some sections of the public do not want to admit that women leaders are effective managers. At the same time, there are cases of not being able to get the necessary funds as a result of the lack of provision in the financing of women's entrepreneurship;

Waiting for public approval. Women's family and society want to approve of their business ideas, while criticizing their initiatives, expressing distrust in the potential of a future female entrepreneur is considered a big barrier between family and business.

Fear of failure, risk taking. The lack of self-confidence in starting a business in women is a big obstacle to the implementation of business ideas. Often, the lack of attention paid to the personal qualities of women in business reduces the level of business. The role of commercial banks is of particular importance in the tasks and problems mentioned above, i.e. ensuring women's employment, supporting their entrepreneurial activities and finding solutions to the problems they face in this regard.

However, there are some internal and external challenges in financing women's entrepreneurship through bank loans.

External problems in bank loans for women's entrepreneurship:

- high interest rates on loans allocated by financial institutions to small business entities;
- Short loan repayment period.

Internal problems that delay getting a loan:

- limited number of loans offered for women's entrepreneurship;
- there is no competitive market in crediting women's entrepreneurship;
- the scale of women's entrepreneurship is small, it is difficult to assess its condition;
- the quality of preparing a business plan for obtaining a loan;
- There is no credit history and others are examples.

Today, the credit organizations operating in our republic provide preferential loans for the purpose of "Attracting women to entrepreneurship and supporting them". Preferential loans at an annual rate of 14 percent for a period of up to 3 years with a grace period of 3 to 6 months:

Women who do business as individuals in the amount of up to 33 million soums (without collateral);

Women-led business entities: up to 225 million soums will be allocated (provided the types of collateral provided by the legislation);

Loans are allocated fully digitized through a single electronic online platform (oilakredit.uz).

Conclusion

The results of the research show that the wide range of financial services and credit products provided by credit organizations, knowledge and skills of business plan development, as well as increasing their level of financial literacy are important for the development of women as entrepreneurs. It is the breadth of financing opportunities that opens up economic opportunities for the development of women's entrepreneurship.

Currently, women's entrepreneurship is developed in the areas of social importance, which ensures the stable development of the economy in the socio-economic sphere in our country.

Therefore, in order to increase the role of bank loans in the development of women's entrepreneurship in Uzbekistan, we have formulated the following suggestions for positive solutions to the above-mentioned problems.

Although the development of market relations has created ample opportunities for women to engage in entrepreneurship, women are mostly engaged in small and medium-sized businesses. It should be noted here that women entrepreneurs are mainly active in the fields of household, family business, online store, online trade, food, confectionery and service.

Implementation of measures to enable working women, who make up 48% of the total population of Uzbekistan, to participate in economic processes, to lead, inventors, innovators and businesswomen, to enable economic growth and to implement new ideas, to further improve the legal framework of women's entrepreneurship it is necessary to create a basis for the development of justified proposals and recommendations.

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