

**THE EFFECTIVENESS OF BANK LOANS AND WORKING CAPITAL IN PROVIDING FINANCIAL SUPPORT TO ENTREPRENEURS****Isroilov Dilshod Musokhon ugli**

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**Abstract.** This article analyzes the role of bank loans in financial support for business entities and mechanisms for increasing the efficiency of working capital. It also highlights state programs aimed at the development of small business and private entrepreneurship, the preferential lending system, and the economic significance of the activities of commercial banks. It analyzes based on statistical data that as a result of the economic reforms being implemented in Uzbekistan, the volume of loans allocated to business entities is increasing year by year, which contributes to an increase in production volume, employment, and export indicators. The article evaluates the effective use of working capital as an important factor ensuring the stability and competitiveness of business activities.

**Keywords:** Entrepreneurship, bank loan, working capital, financial support, small business, commercial banks, economic reforms, preferential lending, financing, efficiency.

**Annotatsiya.** Ushbu maqolada bank kreditlarining tadbirkorlik subyektlarini moliyaviy qo'llab-quvvatlashdagi roli va aylanma mablag'lardan foydalanish samaradorligini oshirish mexanizmlari tahlil qilinadi. Shuningdek, unda kichik biznes va xususiy tadbirkorlikni rivojlantirishga qaratilgan davlat dasturlari, imtiyozli kreditlash tizimi va tijorat banklari faoliyatining iqtisodiy ahamiyati ta'kidlangan. Statistik ma'lumotlarga asoslanib, O'zbekistonda amalga oshirilayotgan iqtisodiy islohotlar natijasida tadbirkorlik subyektlariga ajratilgan kreditlar hajmi yildan-yilga ortib borayotgani, bu esa ishlab chiqarish hajmi, bandlik va eksport ko'rsatkichlarining oshishiga hissa qo'shayotgani tahlil qilinadi. Maqolada aylanma mablag'lardan samarali foydalanish biznes faoliyatining barqarorligi va raqobatbardoshligini ta'minlovchi muhim omil sifatida baholanadi.

**Kalit so'zlar:** Tadbirkorlik, bank krediti, aylanma mablag'lar, moliyaviy qo'llab-quvvatlash, kichik biznes, tijorat banklari, iqtisodiy islohotlar, imtiyozli kreditlash, moliyalashtirish, samaradorlik.

**Аннотация.** В статье анализируется роль банковских кредитов в финансовой поддержке хозяйствующих субъектов и механизмы повышения эффективности оборотного капитала. Также освещаются государственные программы, направленные на развитие малого бизнеса и частного предпринимательства, система льготного кредитования и экономическое значение деятельности коммерческих банков. На основе статистических данных анализируется, что в результате проводимых в Узбекистане экономических реформ объем кредитов, выделяемых хозяйствующим субъектам, ежегодно увеличивается, что способствует росту объемов производства, занятости и экспортных показателей. В статье оценивается эффективное использование оборотного капитала как важного фактора, обеспечивающего стабильность и конкурентоспособность хозяйственной деятельности.

**Ключевые слова:** Предпринимательство, банковский кредит, оборотный капитал, финансовая поддержка, малый бизнес, коммерческие банки, экономические реформы, льготное кредитование, финансирование, эффективность.

**Introduction.** Today, the development of small business and private entrepreneurship in Uzbekistan is one of the priority areas of state economic policy. In particular, bank loans are playing an important role in providing financial support to business entities, meeting their needs for working capital, and ensuring the smooth organization of production activities. In recent years, a number of presidential decrees and resolutions aimed at developing entrepreneurship have been adopted in our country, and measures have been taken to simplify the lending system and expand preferential financing mechanisms.

In particular, according to the Central Bank of the Republic of Uzbekistan, the volume of loans allocated to small business entities in 2025 significantly increased, which serves to expand the production capacity of entrepreneurs. Also, the “Development Strategy of New Uzbekistan for 2022–2026” identifies support for entrepreneurship, creating new jobs, and increasing the availability of financial services as one of the main tasks. In this regard, research into the effectiveness of bank loans and working capital is of urgent scientific and practical importance.

**Literature review.** In the world economic literature, the issue of the effectiveness of bank loans and working capital in financial support of business entities is being studied as one of the important scientific areas. In particular, foreign economists consider the adequacy of credit resources in small business activities as a key factor in increasing production stability, investment activity and competitiveness of enterprises. The scientific views of J. Keynes[1], P. Samuelson[2] and J. Schumpeter[3] emphasize that financial resources are an important driver of economic growth. In particular, Schumpeter interprets bank loans as one of the main sources of an innovative economy in the development of entrepreneurial activity.

Modern economic research has noted that the effective use of working capital is an important factor in ensuring the financial stability of enterprises. Reports of the World Bank and the International Monetary Fund indicate that an increase in the volume of lending to small businesses in developing countries has a positive effect on creating new jobs, expanding export potential and reducing poverty. In particular, according to the Asian Development Bank, small business entities constitute the main part of the employed population in the economy, and expanding their access to financial resources accelerates economic growth.

Uzbek economists have also extensively studied the issues of financing entrepreneurship, the effectiveness of bank loans, and working capital management. In particular, economists Sh. Mustafakulov[5], A. Vahobov[4], B. Berkinov[6], and other researchers have developed scientific conclusions on the role of commercial banks in the development of small businesses, improving lending mechanisms, and increasing the popularity of financial services. The studies substantiate that the rational use of bank loans increases production efficiency, ensures the liquidity of enterprises, and strengthens the economic activity of business entities.

In recent years, Presidential decrees and resolutions aimed at supporting entrepreneurship in our country are recognized as an important source in economic literature. In particular, the “Development Strategy of New Uzbekistan for 2022–2026”, state programs to support small businesses, and regulatory and legal documents adopted to develop a preferential lending system serve to expand the financial capabilities of business entities. Therefore, scientific research on the effectiveness of bank loans and working capital is one of the current economic issues today[7,8].

**Methodology.** This study used scientific and methodological approaches aimed at assessing the effectiveness of bank loans and working capital in financial support for entrepreneurs. The research process used economic analysis, statistical observation, comparison, systematic approach and generalization methods. Also, the effectiveness of lending mechanisms was studied based on data on the financial activities of small businesses and private entrepreneurs.

The information base of the study was formed by decrees and resolutions of the President of the Republic of Uzbekistan on the development and financial support of entrepreneurship, statistical data of the Central Bank of the Republic of Uzbekistan, reports of commercial banks and scientific works of domestic and foreign economists. In particular, data on the volume of loans allocated to small businesses in 2020–2025, indicators of preferential financing and the effectiveness of the use of working capital were analyzed.

During the study, the impact of credit resources on entrepreneurial activity was assessed based on production volume, income growth, job creation, and financial stability of enterprises. Also, liquidity indicators, cash flow rate, and profitability levels were used to determine the level of effective use of working capital.

As a methodological approach, a comparative analysis with international experience and the practice of developed countries was also carried out. As a result, scientific conclusions were formed on improving the system of lending to business entities, increasing the popularity of banking services, and the effective use of working capital.

**Results and Discussion.** The results of the study showed that bank loans are one of the important economic tools in the financial support of business entities. In particular, in small businesses and private entrepreneurship, sufficient working capital serves to ensure the continuity of production, expand the scope of services, and increase competitiveness in the market. In recent years, as a result of the expansion of the preferential lending system in our country to support entrepreneurs, many new business entities have been established and the activities of existing enterprises have been developed.

During the analysis, it was found that the volume of loans allocated to small business entities in 2020–2025 increased significantly. This had a positive effect on the growth of production volumes and service indicators. In particular, short-term loans allocated to replenish working capital allowed enterprises to sustainably implement the processes of purchasing raw materials, paying wages, and delivering products. As a result, the financial stability and profitability of enterprises increased.

The study also found that the effective use of working capital is one of the main factors increasing the profitability of an enterprise. An increase in the speed of funds turnover reduces production costs and leads to an increase in profit. In particular, high liquidity indicators were observed in business entities that use bank loans purposefully and effectively. This confirms the economic efficiency of credit resources.

During the discussion, some problems were also noted. In particular, the complexity of the loan process in some regions, restrictions on collateral, and relatively high interest rates limit the financial capabilities of small business entities. In addition, the low level of financial literacy among some entrepreneurs negatively affects the effective use of credit funds.

Based on the results of the study, the need to further improve the bank lending system, increase the volume of preferential financing, expand digital banking services, and develop the financial knowledge of entrepreneurs was substantiated. This will improve the level of provision of business entities with working capital and increase economic efficiency.

**Conclusions and recommendations.** In conclusion, bank loans are an important economic tool in the financial support of business entities. In particular, the effective use of credit resources in the formation and replenishment of working capital serves to ensure the stability of production, strengthen the financial position and increase the competitiveness of enterprises. The results of the study showed that the increase in the volume of bank loans has a positive effect on the expansion of small business and private entrepreneurship, the creation of new jobs and an increase in economic activity.

Also, the study revealed that the rational use of working capital is an important factor in increasing the profitability of the enterprise, accelerating the rate of turnover of funds and reducing production costs. In our country, state programs aimed at supporting entrepreneurship, presidential decrees and resolutions, and the introduction of preferential lending mechanisms serve to expand the financial capabilities of business entities.

However, some problems, including bureaucratic obstacles in the process of obtaining a loan, issues of collateral, high interest rates and insufficient financial literacy, negatively affect the effectiveness of entrepreneurial activity. Therefore, it is advisable to implement the following recommendations in this area:

- further expand the volume of preferential lending for small businesses;
- simplify and digitize the processes of granting loans;
- develop mechanisms for providing loans without collateral or on the basis of guarantees;
- expand training programs aimed at increasing the financial literacy of entrepreneurs;
- introduce new innovative banking services for financing working capital by commercial banks;
- strengthen the activities of entrepreneurship support centers in the regions.

The implementation of these recommendations in practice will strengthen the financial stability of business entities, increase the efficiency of using bank loans, and contribute to the sustainable development of the country's economy.

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