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SMALL BUSINESS AND ENTREPRENEURSHIP: THE FOUNDATION OF NATIONAL ECONOMIC DEVELOPMENT

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Small business and entrepreneurship are among the main driving forces of the modern economy and play a crucial role in ensuring a country's economic stability and development. These entities contribute to economic growth by creating jobs, introducing innovations, developing the domestic market, and attracting investment. International experience shows that small business is closely interconnected with various sectors of the national economy, thereby ensuring sustainable development and competitiveness.

In the context of Uzbekistan, the development of small business and entrepreneurship is supported through state policies, financial institutions, and investment support mechanisms. At the same time, strategic management and innovative approaches play an important role in increasing the efficiency of small businesses and strengthening the country's overall economic development.

In Uzbekistan, the number of people employed in small business and private entrepreneurship increased steadily but at a relatively low rate during 2018–2024. Although this confirms the important role of small business in the labor market, it has not yet reached a sufficient level to fully address employment challenges.



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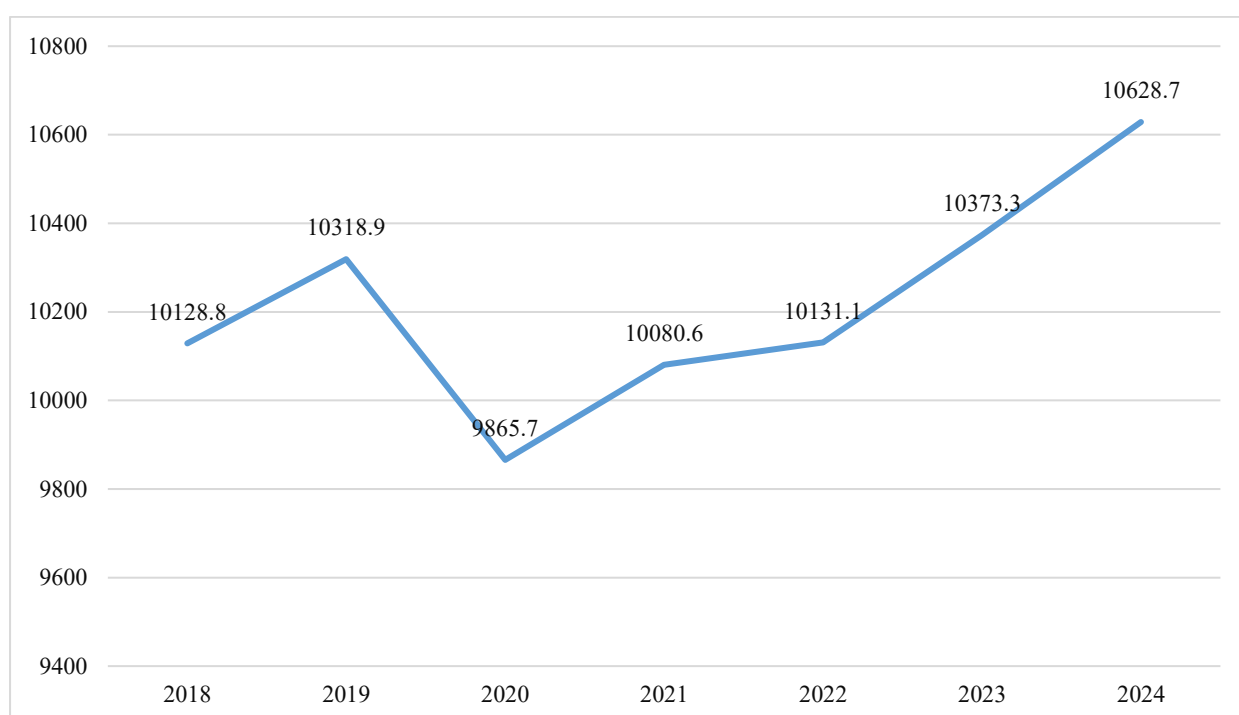


Figure 1. Number of People Employed in Small Business and Private Entrepreneurship (thousand persons)

An analysis of the dynamics of the number of operating small business entities in the Republic of Uzbekistan over the 2019–2025 period shows that the number of small entrepreneurs increased steadily and significantly during 2019–2023. However, after 2023, a sharp decline began, amounting to a reduction of more than 20 percent, which may be associated with economic pressures, increased tax burdens, intensified competition, and changes in regulatory frameworks.



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Table Number of operating small businesses (excluding farmers and peasant farms)

	01.01.20 19	01.01.20 20	01.01.20 21	01.01.2022	01.01.202 3	01.01.20 24	01.01.20 25
Republic of Uzbekistan	262,930	334,767	411 203	462,834	523 556	417 080	358 116
Karakalpakstan Republic	11,985	14,677	18,288	19,998	22,863	22,066	17 180
<i>regions</i>							
Andijan	22,560	25,807	31,683	34,999	39,038	24,381	19,967
Bukhara	14,805	19,981	24,809	27,690	30,082	27,594	22,615
Jizzakh	11,197	14,011	17,725	19,463	22,474	16,677	13,534
Kashkadarya	16,218	20,304	25,297	31 152	36,421	27,980	22,452
Navoi	9 104	14,885	17,931	20,472	22,844	19,539	16 165
Namangan	16,975	21,461	26,531	28,949	32 305	23 136	19,547
Samarkand	19,629	25,643	33 114	40,724	47,943	37,398	31,470
Surkhandarya	11,618	15,509	21,563	24,395	27,368	20,589	19 101
Syrdarya	8 318	11,026	13,360	13,808	15,036	11,217	8 639
Tashkent	25,410	32,602	40 223	44 156	49 145	38,953	34,389
Fergana	23,304	29,300	36 117	40 403	46,350	36 238	28,076
Khorezm	11,815	15,453	18,875	21,984	25,616	23,854	20,528
Tashkent city	59,992	74 108	85,687	94,641	106,071	87,458	84,453

A noticeable decline has been observed in all regions after 2024. The most significant reductions occurred in Jizzakh, Navoi, and Syrdarya regions, which traditionally rely heavily on small business activity. This decline may be associated with regional economic difficulties or socio-political pressures. During 2019–2023, the number of small business entities nationwide increased by more than twofold, largely as a result of government initiatives such as tax incentives, subsidies and preferential loans, and the introduction of “one-stop shop” registration systems.

In contrast, during 2023–2025, the number of small business entities declined sharply. This trend may be linked to economic stagnation, regulatory changes, or a reduction in the number of enterprises transitioning from informal to formally registered activities. Over the 2019–2023 period, the number of small business



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entities in the Republic of Uzbekistan increased steadily from 262.9 thousand in 2019 to 523.5 thousand in 2023. This growth reflected favorable conditions created for small businesses, simplified registration procedures, and comprehensive state support measures. However, a sharp decline was recorded in 2024 and 2025. Between 2023 and 2025, the number of small entrepreneurs decreased by more than 165 thousand entities (−31.6%). The most pronounced declines were observed in Syrdarya and Jizzakh, indicating the need for targeted policy attention and specialized support programs in these regions.

Small entrepreneurship continues to play a decisive role in Uzbekistan's economy. Nevertheless, the sharp contraction observed during 2024–2025 highlights the urgent need to ensure stability in this sector, strengthen support mechanisms, and restore a favorable business environment.

During 2018-2024, small business GDP increased across all regions. Nationwide, this indicator grew by 2.74 times, reflecting the real expansion of small business economic activity. In terms of regional differentiation, Tashkent city, Fergana, Samarkand, and Andijan regions stand out as the main centers of small business development. Although the volume of small business output increased in Navoi region, its share in GDP declined, indicating the dominance of large industrial enterprises.



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Table 2 Small business and private enterprises in the regions of the Republic of Uzbekistan Volume of entrepreneurship in GDP, billion soums

	2018	2019	2020	2021	2022	2023	2024
Republic of Uzbekistan	275194.1	321510.8	358610.5	437376.8	510868.7	617940.1	753036.4
Republic of Karakalpakstan	11144.3	13624.7	15003.6	17176.2	20498.1	24472.4	29250.0
<i>regions:</i>							
Andijan	22446.1	26706.5	29708.9	35572.1	42282.5	50802.4	60473.5
Bukhara	19178.3	22498.7	26259.4	32107.3	36845.1	42615.8	51080.7
Jizzakh	12033.5	14659.8	16736.2	20316.3	23349.7	27328.8	31312.0
Kashkadarya	21461.3	25559.3	29263.7	34080.9	38777.9	47036.3	55379.4
Navoi	10436	12522.4	14153.2	17571.4	19760.3	23994.4	29099.6
Namangan	17796.8	21439.3	24381.7	29914.9	35308.4	42516.1	49791.7
Samarkand	29167.8	32517	34986.2	43218.9	47738.0	60204.8	71020.8
Surkhandarya	16936.9	19533.7	20961.1	25796.4	29852.9	35789.7	41606.0
Syrdarya	7302.2	9302.3	10156.5	11703.3	13261.6	15537.3	18703.0
Tashkent	25541.9	31031.8	35267.2	42486.8	49185.4	59719.2	76130.9
Fergana	22396.7	26353.5	30890.8	39184.7	45657.5	55131.2	65506.7
Khorezm	13852.4	16218.3	17727.5	21862.4	26189.2	30783.6	36404.2
Tashkent city	45065.3	48741.1	52297	65231.6	80865.9	100282.1	135331.1

During 2018-2024, the volume of small business and private entrepreneurship in GDP increased steadily across all regions of the Republic of Uzbekistan, indicating a rise in the real economic activity of small businesses. In 2018, the nationwide GDP volume generated by small business amounted to 275.2 trillion soums, while by 2024 this figure had reached 753.0 trillion soums, representing a 2.7-fold increase.

Despite this growth potential and expanding opportunities, maintaining the share of small business in GDP requires strengthening regional entrepreneurship programs, developing local industrial clusters, and enhancing access to finance and export capacity. Although small business activity has expanded in all regions, targeted policy measures remain essential to sustain its relative economic contribution.



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Tashkent city, as well as the Samarkand, Andijan, Fergana, and Bukhara regions, are leading territories in terms of small business output, characterized by high economic activity and strong investment potential. Stable growth has also been observed in Jizzakh, Syrdarya, and the Republic of Karakalpakstan, where support mechanisms for small businesses have proven effective. In Navoi region, although the volume of small business output increased, its share in overall GDP declined, which can be explained by the dominance of large industrial enterprises. An analysis of the regional share of small business and private entrepreneurship in GDP for the 2018–2024 period shows that this indicator decreased from 64.3 percent in 2018 to 54.3 percent in 2024. The 10-percentage-point decline indicates a reduction in the relative share of small business in GDP, which may be attributed to the growing weight of large and state-owned enterprises or changes in statistical accounting methodologies.

Table 3 Small business and private enterprises in the regions of the Republic of Uzbekistan Share of entrepreneurship in GDP , in percent

	2018	2019	2020	2021	2022	2023	2024
Republic of Uzbekistan	64.3	58.5	57.5	56.9	54.6	54.5	54.3
Republic of Karakalpakstan	63.6	62.9	62.3	61.4	61.8	64.7	65.8
<i>regions:</i>							
Andijan	75.1	72.4	72.7	74.6	69.6	68.9	69.5
Bukhara	81.5	75.8	76.6	77.1	74.1	73.5	73.0
Jizzakh	87.1	84.5	84.1	81	78.7	75.6	74.4
Kashkadarya	73.9	73.2	74.1	71.8	70	70.9	71.0
Navoi	44.9	33.7	27.8	29.2	27.9	28.3	25.1
Namangan	82	78	76.3	76.2	74.7	75.3	73.4
Samarkand	81.6	76.6	75	74.3	70.8	72.8	72.3
Surkhandarya	81.8	79.4	78	78.4	77.9	78	77.8
Syrdarya	79.8	72.7	73	71.2	67.8	66.3	68.2
Tashkent	60.8	54	52	48.2	49.4	52	53.9
Fergana	73.6	72.4	73.3	72.4	71.6	72.5	73.1
Khorezm	80.2	78.2	77.4	75.8	71.9	72.4	72.3
Tashkent city	67	56	53.6	51.1	51.2	51.9	52.4



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During 2018-2024, an overall declining trend was observed in the share of small business and private entrepreneurship in the gross domestic product (GDP) of the Republic of Uzbekistan. While this indicator stood at 64.3% in 2018, it declined to 54.3% by 2024. This trend may be associated with changes in the GDP structure resulting from the expansion of large-scale production, industrial output, and major investment projects, which altered the relative contribution of small businesses.