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LEGAL FOUNDATIONS FOR IMPROVING LENDING TO ENTREPRENEURIAL ACTIVITY AMONG THE POPULATION WITHIN THE FRAMEWORK OF THE “NEW UZBEKISTAN DEVELOPMENT STRATEGY 2026–2028” AND THE “UZBEKISTAN– 2030” STRATEGY

Xusan Xusainov Baratovich

Independent Researcher, Kimyo International University

yangihayot456x@gmail.com

<https://orcid.org/0009-0009-1546-3466>

Abstract:

This article analyzes the legal foundations for improving the system of lending to entrepreneurial activity among the population within the framework of the “New Uzbekistan Development Strategy 2026–2028” and the “Uzbekistan–2030” Strategy. Based on these strategic documents, the study examines issues related to financial support for small business and private entrepreneurship, modernization of lending mechanisms, provision of concessional loans, and improvement of the efficiency of the banking system.

Keywords: lending mechanisms, entrepreneurial activity among the population, commercial banks, legal foundations, concessional loans, financial support, banking system, economic reforms

Introduction

Today, in the Republic of Uzbekistan, the development of entrepreneurial activity among the population is one of the important priorities in the process of deepening economic reforms and ensuring sustainable economic growth. Within



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the framework of the “New Uzbekistan Development Strategy 2026–2028” and the “Uzbekistan–2030” Strategy, particular attention is paid to supporting small business and private entrepreneurship, providing them with financial resources, and improving the lending system.

These strategic documents set specific objectives aimed at increasing entrepreneurial activity across all sectors of the economy, creating a favorable business environment, and expanding access to financial services.

Literature Review

Issues related to lending to entrepreneurial activity among the population have been widely studied in the economic literature, with particular emphasis on the impact of bank lending on economic growth, employment, and entrepreneurial activity. In particular, improving the mechanisms through which commercial banks finance business entities is one of the main areas of contemporary scientific research.

In his views, B. Berkinov places particular emphasis on the importance of lending mechanisms in providing financial support to small businesses and entrepreneurship, substantiating that credit resources are an important factor in expanding the production activities of business entities.

At the same time, according to N. Jo‘rayev, the microcredit system and concessional loans play a particularly important role in developing entrepreneurial activity among the population. The scholar notes that these financial instruments not only contribute to expanding entrepreneurial activity but also serve as an important factor in increasing employment and raising income levels.

According to N. Shoaxmedova, the education system plays an important role in preparing young people for entrepreneurship. In her view, special courses and



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programs covering the fundamentals of entrepreneurship, the implementation of innovative ideas, and the preparation of business plans have been introduced in our country.

Research Methodology

A comprehensive methodological approach was used in this study to examine mechanisms for improving lending to entrepreneurial activity among the population. The research methodology is based on a combination of theoretical, empirical, and economic-statistical methods.

Analysis and Discussion of Results

Today, the development and financial support of entrepreneurial activity among the population are among the priority areas of state economic policy in the Republic of Uzbekistan. In particular, presidential decrees and resolutions place special emphasis on supporting small business and private entrepreneurship, providing them with financial resources, and improving the lending system.

Within the study, the Decree of the President of the Republic of Uzbekistan dated January 28, 2022, “On the Development Strategy of New Uzbekistan for 2022–2026,” No. PF-60¹ was analyzed, and it was established that the Decree defines priority tasks aimed at developing entrepreneurship, increasing the economic activity of the population, and improving mechanisms of financial support (Figure 1). These tasks are important for expanding opportunities for lending to entrepreneurial activity among the population, increasing the efficiency of the use of financial resources, and improving the legal foundations of institutional support for entrepreneurial activity.

¹ Decree No. PF-60 of the President of the Republic of Uzbekistan dated January 28, 2022, “On the Development Strategy of New Uzbekistan for 2022–2026.” <https://lex.uz/ru/docs/-5841063>



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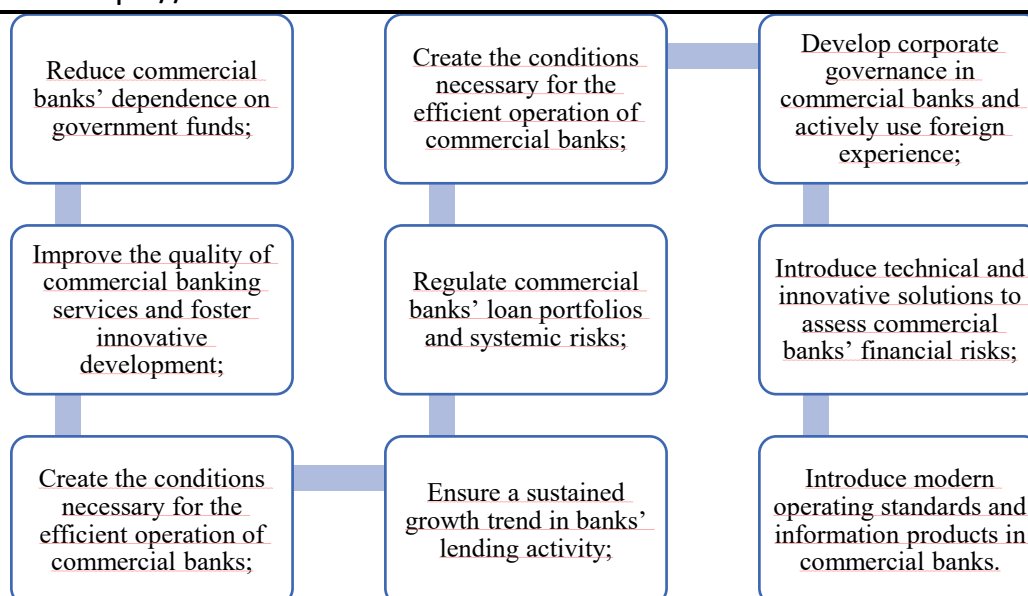


Figure 1. Priority Areas for Financial Support and Lending to Entrepreneurial Activity among the Population²

An analysis of the information presented in Figure 1.8 above shows that the priority areas for developing the system of financial support and lending to entrepreneurial activity among the population are systematically represented. These areas are primarily aimed at strengthening the financial stability of commercial banks, creating the institutional and financial conditions necessary for their effective operation, and improving lending mechanisms. In this regard, ensuring an adequate level of bank capital and liquidity, improving the quality of loan portfolios, optimizing the share of problem loans, and using available credit resources efficiently are of particular importance. At the same time, an important factor in ensuring the financial stability of commercial banks is the optimization

² Prepared by the author based on Decree No. PF-60 of the President of the Republic of Uzbekistan dated January 28, 2022, "On the Development Strategy of New Uzbekistan for 2022–2026."



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of loan portfolio structure, the effective management of credit and other financial risks, and the improvement of mechanisms for assessing in advance the likelihood of such risks arising.

In addition, improving the quality of banking services, accelerating innovative development, enhancing corporate governance systems, and adapting advanced foreign experience to national banking practice are among the priority areas for increasing the efficiency of commercial banks. In particular, the digitalization of banking services, the widespread introduction of modern information and communication technologies, and the application of international prudential and governance standards help increase the speed, transparency, and efficiency of banking operations.

Within the study, the priority tasks provided for in the Decree of the President of the Republic of Uzbekistan dated February 16, 2026, No. PF-21, “On Additional Measures to Consistently Continue Reforms within the Priority Areas of the Country’s Development through 2030 and Bring Them to a New Stage,” concerning the improvement of financial support and lending mechanisms for entrepreneurial activity among the population were examined, and their substance and aspects related to the research area were systematically analyzed (Figure 2).

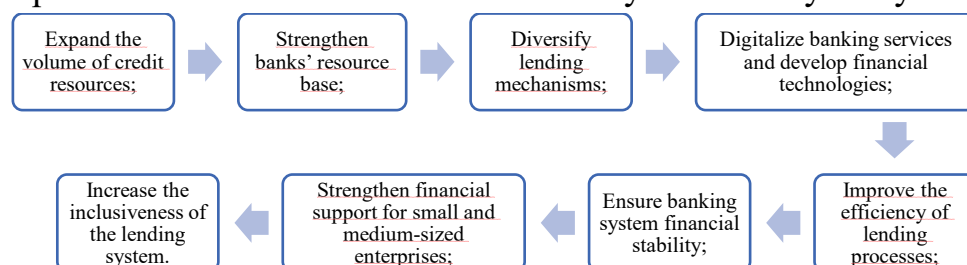


Figure 2. Priority Areas for Forming Credit Resources and Improving the Lending Mechanism for Entrepreneurial Activity among the Population³

³ Prepared by the author based on Presidential Decree No. PF-21 dated February 16, 2026, “On Additional Measures to Continue Reforms and Advance Them under the Country’s 2030 Development Priorities.”



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An analysis of the information presented in Figure 2 above shows that the priority areas for meeting the population's demand for credit resources and improving the lending mechanism have been systematized. These priority areas were analyzed as follows.

1. Expanding the volume of credit resources. It is envisaged that the annual volume of lending in the banking and financial system will be increased to UZS 720 trillion by 2030, thereby expanding opportunities to finance business entities, including the business initiatives of the population.⁴
2. Strengthening banks' resource base. Increasing the balance of deposits in commercial banks to UZS 560 trillion by 2030 will help create a stable resource base for banks and expand opportunities to channel these resources to the real sector of the economy, including the financing of entrepreneurial activity among the population.⁵
3. Diversification of lending mechanisms. Expanding the use of alternative financing instruments alongside traditional credit products in financing various categories of entrepreneurial initiatives among the population increases the flexibility of the lending system.
4. Digitalization of banking services and development of financial technologies. The Decree provides for the development of a strategy for advancing financial technologies through 2030. This creates an institutional basis for expanding opportunities to review loan applications, assess clients' creditworthiness, provide remote banking services, and automate credit monitoring.
5. Improving the efficiency of lending processes. It is important to develop mechanisms based on an in-depth assessment of the client's actual financial

⁴ Presidential Decree No. PF-21 dated February 16, 2026, "On Additional Measures to Continue Reforms and Advance Them under the Country's 2030 Development Priorities."

⁵ Presidential Decree No. PF-21 dated February 16, 2026, "On Additional Measures to Continue Reforms and Advance Them under the Country's 2030 Development Priorities."



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position, business activity, and cash flows when allocating credit resources, improve credit decision-making processes, and ensure the targeted and efficient use of credit resources.

6. Ensuring the financial stability of the banking system. Along with increasing the volume of lending to entrepreneurial activity among the population, it is necessary to improve banks' financial stability, loan portfolio quality, and risk management systems. This is because an expansion of lending that is not combined with effective credit risk management may adversely affect the financial stability of banks.

7. Strengthening financial support for small and medium-sized enterprises. Expanding the involvement of the population in entrepreneurial activity, financing new business initiatives, and improving business entities' access to financial resources should be regarded as an important area of credit policy.

8. Increasing the inclusiveness of the lending system. It is advisable to stimulate entrepreneurial activity by expanding access to credit resources for population groups with limited access to financial services, individuals starting new entrepreneurial activities, and small business entities.

Based on the results of the above analysis, it can be concluded that improving lending to entrepreneurial activity among the population is closely linked to expanding the volume of credit resources, strengthening banks' resource base, diversifying lending mechanisms, introducing digital financial technologies, ensuring lending efficiency and the financial stability of the banking system, and expanding access to financial resources for small and medium-sized enterprises.



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Conclusion

The research results show that the “New Uzbekistan Development Strategy 2026–2028” and the “Uzbekistan–2030” Strategy serve as important legal and institutional foundations for the development and modernization of the lending system for entrepreneurial activity among the population. On the basis of these strategic documents, the system of financial support for small business and private entrepreneurship is being consistently improved, while opportunities to access credit resources are being expanded.

The analysis shows that the improvement of lending mechanisms has a positive impact on increasing entrepreneurial activity in the economy, creating new jobs, and accelerating the socio-economic development of regions. In particular, concessional loans, government programs, and digital banking services help ensure the convenient and transparent allocation of financial resources.

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