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# ECONOMIC EFFICIENCY AND PROSPECTS OF THE RETAIL STORE ORGANIZATION INVESTMENT PROJECT

**Yuldashova Aliya Maqsad kizi**
Tashkent State University of Economics 3rd year student
aliyamaqsadqizi@gmail.com
**Amatjonov Rasulbek Abdullaevich**
Tashkent State Transport University
2nd year master's student
amatjonovrasulbek92@gmail.com

**Abstract:** This article analyzes an investment project aimed at establishing and organizing the operations of the "SSS" retail store located in Bekabad city, Tashkent Region, Buloqariq MFY, Shahriobod Street. The study examines the content of the project idea, market demand and the competitive environment in the region, the structure of project expenditures, and expected cash flows. To assess the economic efficiency of the investment project, such indicators as Net Present Value (NPV) and Payback Period were used. In addition, the main risks that may arise during the implementation of the project and opportunities for their mitigation were analyzed. The results of the study demonstrate that the operation of the "SSS" retail store will contribute to meeting the needs of the local population, creating new jobs, supplying the domestic market with goods, and developing private entrepreneurship. The implementation of this project is consistent with the ongoing economic reforms aimed at supporting small businesses and private entrepreneurship, increasing regional economic activity, and expanding the share of the private sector.

**Аннотация:** В данной статье проведён анализ инвестиционного проекта, направленного на создание и организацию деятельности розничного магазина "SSS", расположенного по адресу: Ташкентская область, город Бекабад, МФЙ "Булокарик", улица Шахриобод. В ходе исследования рассмотрены содержание проектной идеи, рыночный спрос и конкурентная среда в регионе, структура проектных расходов, а также ожидаемые денежные потоки. Для оценки экономической эффективности инвестиционного проекта использованы такие показатели, как чистая приведённая стоимость (NPV) и срок окупаемости инвестиций (Payback Period). Кроме того, проанализированы основные риски, которые могут возникнуть в процессе реализации проекта, и возможности их минимизации. Результаты исследования показывают, что деятельность розничного магазина "SSS" будет способствовать удовлетворению потребностей местного населения, созданию новых рабочих мест, обеспечению внутреннего рынка товарами и развитию частного предпринимательства. Реализация данного проекта соответствует проводимым экономическим реформам, направленным на поддержку малого бизнеса и частного предпринимательства, повышение экономической активности в регионах и расширение доли частного сектора.

**Annotatsiya:** Mazkur maqolada Toshkent viloyati, Bekobod shahri, Buloqariq MFY, Shahriobod ko'chasida joylashgan "SSS" chakana savdo do'konini tashkil etish va uning faoliyatini yo'lga qo'yishga qaratilgan investitsiya loyihasi tahlil qilingan. Tadqiqot davomida loyiha g'oyasining

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mazmuni, hududdagi bozor talabi va raqobat muhiti, loyiha xarajatlari tarkibi hamda kutilayotgan pul oqimlari o‘rganilgan. Investitsiya loyihasining iqtisodiy samaradorligini baholash maqsadida sof joriy qiymat (NPV) va investitsiyalarning qoplanish muddati (Payback Period) kabi ko‘rsatkichlardan foydalanilgan. Shuningdek, loyihani amalga oshirish jarayonida yuzaga kelishi mumkin bo‘lgan asosiy risklar va ularni kamaytirish imkoniyatlari tahlil qilingan. Tadqiqot natijalari “SSS” chakana savdo do‘konining mahalliy aholi ehtiyojlarini qondirish, yangi ish o‘rinlari yaratish, ichki bozorni tovarlar bilan ta’minlash va xususiy tadbirkorlikni rivojlantirishga xizmat qilishini ko‘rsatadi. Mazkur loyiha kichik biznes va xususiy tadbirkorlikni qo‘llab-quvvatlash, hududiy iqtisodiy faollikni oshirish hamda xususiy sektor ulushini kengaytirishga qaratilgan iqtisodiy islohotlar bilan uyg‘un holda amalga oshirilishi mumkin.

In the current market economy of the Republic of Uzbekistan, developing investment activities and supporting small business and private entrepreneurship are among the priority directions of state economic policy. Small business entities play an increasingly important role in ensuring employment, supplying the domestic market, and achieving sustainable economic growth. In this context, the development of investment projects and the assessment of their economic efficiency are of great importance. The main objective of this article is to substantiate the investment idea for establishing the “SSS” store, analyze market conditions, determine the necessary initial investment costs, and evaluate the project’s efficiency using financial indicators. To achieve this goal, the article outlines the essence of the investment idea, analyzes the market environment in the city of Bekabad, calculates projected revenues and cash flows, and highlights the risks associated with the project as well as the expected socio-economic outcomes [1].

This article concerns a tangible investment project focused primarily on physical assets-such as a retail facility, equipment, inventory, and infrastructure. The project involves operations that generate short-term, rapid cash flows, thereby enabling the recovery of invested capital within a relatively short period (Figure 1).

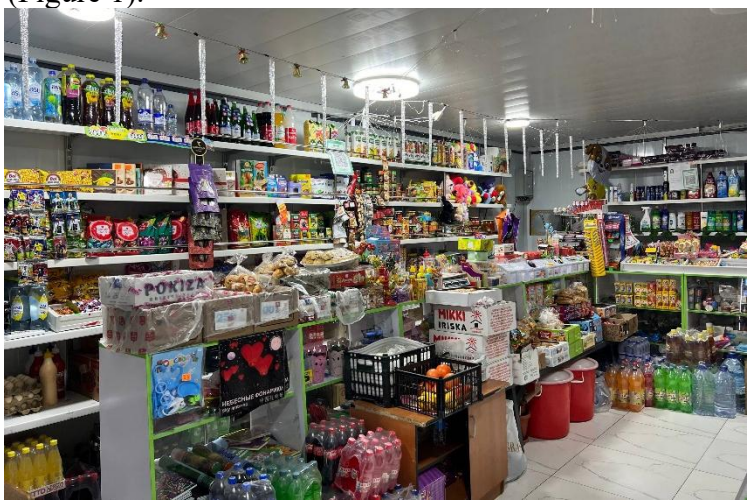



**Figure 1. Interior view of the “SSS” store**

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In the context of Uzbekistan, the relevance of the retail sector is driven by the population's constant need for daily consumer goods. Small retail shops located within neighborhoods, in particular, offer convenience to residents while reducing time and transportation costs. The population density of Bekobod and the location of Shahriobod Street in a high-traffic area create favorable conditions for the successful operation of the "SSS" store [2], [3].

The analysis of market conditions for the "SSS" retail store project took into account the socio-economic situation, population size and composition, consumer purchasing habits, and existing retail infrastructure of Bekobod, Tashkent Region. Bekobod is a city that integrates industrial and residential zones, and the population's demand for daily necessities is stable and consistent (Figure 2).




**Figure 2. Bekabad city farmers' market**

Establishing and launching the "SSS" retail store requires a certain amount of initial investment capital. The initial cost estimate covers the material and organizational expenses necessary to fully launch the store's operations. These are one-time costs incurred during the initial phase of the project [4].

The store location, retail floor area, type of business, and market prices in the city of Bekabad were taken into account when determining initial costs. The cost estimate primarily covers preparing the retail space, equipping it with sales fixtures, building up initial inventory, and organizational expenses (Table 1).

**Table 1**

**Estimate of initial costs for setting up the "SSS" store**

| № | Expense type | Amount (UZS) |
|---|---|---|
| 1 | Retail space rental (3 months in advance) | 6 000 000 |
| 2 | Shop renovation and decoration | 5 500 000 |
| 3 | Retail equipment (shelving, display cases, refrigerator) | 8 000 000 |

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| | | |
|---|---|---|
| 4 | Cash register and payment terminal | 2 500 000 |
| 5 | Initial stock of goods | 18 000 000 |
| 6 | Advertising and outdoor signage | 1 500 000 |
| 7 | Documentation and permits | 1 200 000 |
| - | Total initial investment | 42 700 000 |

Retail equipment costs include shelving units for product display, as well as refrigerators and display cases for perishable goods. Such equipment enhances the efficiency of the sales process and ensures proper product storage. Meanwhile, cash registers and payment terminals are essential for providing convenient payment services to customers in line with modern retail standards [5].

Initial inventory accounts for the largest share of startup costs. This expenditure enables the store to offer a wide product assortment right from the initial stage of operations. Advertising expenses, in turn, help build the store's recognition in the local market and foster a loyal customer base [6].

As the data in the table indicates, the bulk of the initial investment costs is allocated to building up inventory. This is due to the nature of retail operations, where ensuring a sufficient volume of products is crucial for the store's stable functioning (Tabla 2).

Overall, the initial investment required to set up an "SSS" store amounts to 42.7 million UZS. This expenditure is considered reasonable for launching a small retail store in the city of Bekabad, and the investment is projected to be recouped in the short term through anticipated cash flows and profits in subsequent stages [7].

**Table 2**
**Composition of initial costs**

| **Expense category** | **Share (%)** |
|---|---|
| Inventory | 42 % |
| Retail equipment | 19 % |
| Repairs and decoration | 13 % |
| Rental costs | 14 % |
| Other expenses | 12 % |
| Total | 100 % |

Assessing the efficiency of an investment project is crucial for determining its economic feasibility. The investment efficiency of the project to establish a retail store named "SSS" was evaluated using key financial indicators: expected revenue, net cash flow, payback period, and net present value (NPV). The calculations took into account the average sales volume, cost levels, and market demand for a small retail store in the city of Bekabad (Table 3) [8].

**Table 3**

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**Expected revenue of the "SSS" store**

| Indicator | Quantity |
|---|---|
| Daily revenue | 1 600 000 UZS |
| Monthly revenue (30 days) | 48 000 000 UZS |
| Annual revenue | 576 000 000 UZS |

The average daily sales volume of the "SSS" store was estimated at 1,600,000 UZS. Based on the store operating seven days a week, the monthly and annual revenue figures are determined (Table 4).

**Table 4**

**Net cash flow of the project**

| Indicator | Amount (UZS) |
|---|---|
| Annual net profit | 80 640 000 |
| Initial investment | 42 700 000 |
| Annual net cash flow | 80 640 000 |

In retail operations, the average net profit margin ranges from 13% to 15%. For this project, a net profit margin of 14% was adopted as a conservative estimate.

**Monthly net profit=48000000×14%=6720000 UZS**

**Annual net profit=6720000×12=80640000 UZS**

Taking into account that the initial investment costs amount to 42,700,000 UZS, the annual net cash flow is determined as follows.

The investment payback period indicates how quickly the funds invested in a project are recovered and is calculated using the following formula:

$$PP=\frac{Initial\ investment}{Annual\ net\ cash\ flow} \quad (1)$$

$$PP=\frac{42700000}{80640000}\approx 0{,}53 \text{ year}$$

This figure indicates that the investment funds will be fully recouped within approximately 6-7 months. This result demonstrates that the project offers a very rapid return on investment.

In calculating the project's net present value (NPV), a project duration of 3 years and a discount rate of 20% were assumed. The NPV is calculated using the following formula:

$$NPV=\sum \frac{CF_t}{(1+r)^t}-I_0 \quad (2)$$

Calculations indicate that the Net Present Value (NPV) for the "SSS" retail store project is positive, demonstrating the project's economic viability. The short payback period confirms the project's financial stability and high profitability [9].

**Table 5**

**NPV calculation**

| Year | Net cash flow (UZS) | Discount factor | Discounted value |
|---|---|---|---|
| 1 | 80 640 000 | 0,83 | 66 931 200 |
| 2 | 80 640 000 | 0,69 | 55 641 600 |

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| | | | |
|---|---|---|---|
| 3 | 80 640 000 | 0,58 | 46 771 200 |
| Total | - | - | 169 344 000 |

**NPV=169344000−42700000=126644000 UZS**

Risks may arise due to various internal and external factors during the implementation of an investment project. Identifying potential risks associated with the "SSS" retail store project, as well as assessing and mitigating them, is crucial for ensuring the project's sustainable operation.

The risks associated with this project have been categorized primarily into market, financial, operational, and organizational risks. Each type of risk can impact the project's performance in different ways.

Market risk is one of the most significant factors for this project. A temporary decline in the population's real income or a reduction in consumer purchasing activity could negatively impact the store's revenue. However, the fact that the "SSS" store specializes in daily necessities significantly mitigates this risk, as the demand for such products remains constant.

**Table 6**

**Analysis of key risks associated with the operations of the "SSS" store**

| Type of risk | Risk Description | Level of impact | Mitigation measures |
|---|---|---|---|
| Market risk | Decline in consumer purchasing power or contraction in demand | Moderate | Flexible pricing, promotions, and discounts |
| Competitive risk | Opening of new retail stores | Moderate | Improving service quality and expanding the product range |
| Financial risk | Costs exceeding planned levels | Low | Strict cost control |
| Supply risk | Disruptions in product supply | Moderate | Contracting with multiple suppliers |
| Operational risk | Personnel-related issues | Low | Employee motivation and supervision |
| Legal risk | Changes in tax or trade regulations | Low | Continuous monitoring of legislation |

The risk of competition is associated with the increasing number of small retail stores in the city of Bekabad. To mitigate this risk, plans are in place to implement a favorable pricing policy, offer discounts for loyal customers, and establish a high-quality service system.

Financial risks may arise primarily from increases in rent, utility costs, and merchandise procurement prices. To prevent such risks, it is essential to plan expenses, maintain regular accounting records, and ensure financial discipline.

Supply and operational risks are directly linked to ensuring the continuity of sales operations. Plans are in place to collaborate with multiple suppliers to avoid disruptions in product delivery. Meanwhile, to mitigate personnel-related risks, measures will be taken to improve working conditions and utilize incentive mechanisms.

The implementation of the investment project to establish the "SSS" retail store is expected to yield a range of positive economic and social benefits. These outcomes will have a positive impact not

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only on the business entity's operations but also, to some extent, on the development of the local area and the economy as a whole.

From an economic perspective, the project creates a stable and continuous source of income for the entrepreneur. The store's operations ensure growing sales volumes, consistent cash flow, and a short-term return on investment, thereby strengthening the financial stability of the "SSS" store as a small business entity. Furthermore, the project generates tax and mandatory payment revenues for the state budget, contributing to an increase in local budget income.

This investment project has a positive impact on supplying the domestic market and developing the retail sector. The constant availability of essential goods in the local market allows for the stable satisfaction of consumer demand. This helps prevent sharp price fluctuations and fosters a healthy competitive environment.

From a social perspective, the operations of the "SSS" store lead to the creation of new jobs. Plans are in place to hire sales staff and support personnel, which helps increase employment among local residents. Job creation positively impacts household incomes and improves the population's standard of living. This article presents a comprehensive analysis of the investment project to establish the "SSS" retail store, located on Shahriobod Street in the Buloqariq neighborhood (MFY) of Bekobod city, Tashkent region, and substantiates its economic feasibility. Developed within the framework of state policy aimed at fostering small business and private entrepreneurship in the Republic of Uzbekistan, the initiative was evaluated as a viable investment project.

The section of the article outlining the project concept justifies the necessity of establishing the "SSS" store, its operational focus, and the significance of its location. It highlights that the store's specialization in daily consumer goods, its convenient location for the local population, and its registration as an individual entrepreneurship venture contribute to the project's operational sustainability.

Market analysis revealed stable and consistent demand for daily consumer goods in Bekobod city. Factors such as local consumption habits, population density, and existing retail infrastructure indicate favorable conditions for the successful operation of the "SSS" store. It was demonstrated that competitiveness can be achieved-despite the existing competitive environment-by ensuring high service quality and an optimal product assortment.

Based on the initial cost estimate, the investment required to implement the project was determined to be 42.7 million UZS. These funds will be allocated for preparing the retail space, acquiring trading equipment, building up initial inventory, and covering organizational expenses. The cost structure was assessed as sufficient and appropriate for the full launch of project operations.

The investment efficiency assessment results demonstrated that the project is highly effective. Calculations indicate an investment payback period of approximately 6-7 months and a positive Net Present Value (NPV), confirming that the project to establish the "SSS" store is economically viable and a sound investment.

The risk analysis identified potential market, financial, competitive, and operational risks associated with the project, determining that their impact levels are generally low to moderate. Developing appropriate measures to manage and mitigate these risks will help ensure the project's sustainability.

In terms of expected economic and social benefits, the project offers the opportunity to generate a stable income source for the entrepreneur, create new jobs, boost local employment, and

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supply the local market with essential daily goods. Furthermore, the project will positively impact regional economic development by increasing tax revenues for the state budget.

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