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ENTREPRENEURSHIP AND SMALL BUSINESS IN THE REPUBLIC OF UZBEKISTAN: THE ROLE IN THE ECONOMY AND DEVELOPMENT TRENDS

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Abstract. This article analyses the role of small business and private entrepreneurship in the economy of the Republic of Uzbekistan. On the basis of official statistical data for 2020–2025, it examines the sector's share of GDP and employment, its sectoral and regional structure, and the dynamics of the creation of new business entities. It is established that small business generates more than half of the country's GDP (52.2 % in 2025) and acts as a key factor in ensuring employment and regional development. The main problems of the sector are identified and directions for its support are proposed.

Keywords: small business, entrepreneurship, employment, GDP, regional development, state support, Uzbekistan.

1. Introduction

Small business and private entrepreneurship play a decisive role in the formation of competitive markets, the provision of employment, poverty reduction and the diversification of the economy. In the context of market reforms, the development of entrepreneurial activity has become one of the priorities of the socio-economic policy of the Republic of Uzbekistan.

Small enterprises and individual entrepreneurs are not only a source of income for households but also shape the flexibility of the national economy, link the urban and rural economies, absorb labour resources and stimulate domestic demand. The sector is of particular importance for the regions, where it provides employment and contributes to the gross regional product (GRP).

The aim of the article is to assess the role of small business in the economy of Uzbekistan, to analyse the dynamics and structure of the sector on the basis of official statistics, and to identify the factors constraining its development.

2. Materials and Methods

The study is based on the official data of the National Statistics Committee of the Republic of Uzbekistan for 2020–2025, as well as on analytical publications on entrepreneurship development. The methods of descriptive statistics and structural, dynamic and comparative analysis are used. The indicators considered include the number of small-business entities, their contribution to GDP and employment, and their sectoral and regional distribution.

When interpreting the data, it should be taken into account that in 2023–2024 the change in the number of enterprises is partly associated with the reorganisation and updating of records in state registers, which affects the comparability of certain indicators across years.

3. Results

3.1. Contribution of small business to GDP

Small business consistently generates more than half of Uzbekistan's gross domestic product. As of the end of 2024, the share of small-business entities in GDP was 54.3 %, and at the end of 2025 it

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was 52.2 %, which in value terms corresponds to 923.5 trillion soums of value added. For January–September 2025, the sector's contribution was estimated at 51.5 % of GDP.

Table 1. Share of small business in Uzbekistan's GDP

Period	Share of GDP, %	Volume, trillion soums
2024	54.3	—
Jan–Sep 2025	51.5	—
2025	52.2	923.5

Source: National Statistics Committee of the Republic of Uzbekistan, 2025–2026.

3.2. Number and structure of business entities

As of 1 October 2025, there were 1.21 million small-business entities operating in Uzbekistan. These comprised: 479,000 small enterprises and microfirms, 281,900 individual entrepreneurs, 422,300 dehkan (peasant) farms, 5,800 family businesses, 22,100 artisans and 900 entities engaged in the sale of imported goods.

Table 2. Structure of small-business entities as of 1 October 2025

Category of entities	Number, thousands
Small enterprises and microfirms	479.0
Individual entrepreneurs	281.9
Dehkan (peasant) farms	422.3
Family businesses	5.8
Artisans	22.1
Sale of imported goods	0.9
Total	≈ 1,210.0

Source: National Statistics Committee of the Republic of Uzbekistan, November 2025.

3.3. Regional density and the creation of new entities

The density of small-business entities reached 32.1 units per 1,000 people. The highest values were recorded in the Khorezm region (43.5), the city of Tashkent (43.4), the Syrdarya region (37.7) and the Bukhara region (37.5). During January–September 2025, 62,200 new small enterprises and microfirms were created (excluding dehkan and farming households).

Table 3. Density of small-business entities by region (per 1,000 people)

Region	Density
Khorezm region	43.5
City of Tashkent	43.4
Syrdarya region	37.7
Bukhara region	37.5
National average	32.1

Source: National Statistics Committee of the Republic of Uzbekistan, 2025.

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Most of the new entities were created in trade (22,900), industry (8,100), agriculture, forestry and fisheries (7,700) and in the accommodation and food-services sector (5,500). This reflects the predominant concentration of entrepreneurial activity in trade and services.

3.4. The sectoral role of small business

As of the end of 2024, small business accounted for the predominant share of output in a number of sectors: 95.2 % in agriculture, 84.0 % in retail trade, 76.5 % in construction, 57.0 % in services, 51.8 % in fixed-capital investment and 32.4 % in industry. In some regions the sector's contribution to GRP is particularly high: for example, in the Bukhara region it reaches 73.0 %.

Table 4. Share of small business by sector, 2024

Sector	Small-business share, %
Agriculture	95.2
Retail trade	84.0
Construction	76.5
Services	57.0
Fixed-capital investment	51.8
Industry	32.4

Source: Statistics Agency under the President of the Republic of Uzbekistan, 2025.

4. Discussion

The results show that small business is a backbone element of the economy of Uzbekistan, generating more than half of GDP and dominating in agriculture, trade and construction. The high density of entities in certain regions and the active creation of new enterprises point to the persisting entrepreneurial potential, supported by reforms to simplify taxation and by state support programmes.

The state policy of recent years is aimed at expanding access to financing, simplifying administrative procedures, developing entrepreneurship-support institutions and encouraging the growth of small firms into medium-sized and large enterprises. These measures create a favourable institutional environment; however, their effectiveness largely depends on removing the structural constraints of the sector.

At the same time, there is a marked concentration of activity in trade and services, while the share of small business in industry remains comparatively low (32.4 %). This limits the sector's potential to create high-productivity jobs and to expand exports. Additional constraining factors are limited access to financing, an insufficient level of automation, the considerable scale of the unobserved (informal) economy and regional disparities.

The scale of the unobserved economy deserves particular attention: according to data for the first quarter of 2025, it accounted for about 32.0 % of GDP, with its largest share concentrated in agriculture and construction — sectors with a strong presence of small business. The legalisation of this part of economic activity represents a significant reserve for increasing tax revenues and improving the transparency of the sector.

The comparison of the 2024 and 2025 figures (54.3 % and 52.2 % respectively) requires cautious interpretation, since the change in the number of registered entities is partly due to the updating of state registers rather than to an actual decline in business activity.

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5. Conclusion

Small business and private entrepreneurship act as a key driver of the economy of Uzbekistan: in 2025 the sector generated 52.2 % of GDP (923.5 trillion soums), comprising more than 1.2 million operating entities. It provides employment, regional development and social stability, dominating in agriculture, trade and construction.

For the further development of the sector, it appears advisable to implement the following measures:

1) expanding entrepreneurs' access to financing and concessional lending;
2) encouraging the shift of small business into industry and export-oriented sectors;
3) raising the level of digitalisation and automation of business processes;
4) reducing the scale of informal employment and the unobserved economy;
5) eliminating regional disparities in the distribution of business entities.

The implementation of these measures will strengthen the contribution of small entrepreneurship to the country's sustainable economic growth.

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