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## REGIONAL DISTRIBUTION OF SMALL BUSINESS IN SIRDARYA REGION

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### Abstract

This article provides a scientific analysis of the regional distribution of small business in Sirdarya Region, its geographical characteristics, and economic significance. The study focuses on examining the location of small business entities across the districts of the region, their sectoral structure, regional disparities in development, and the factors contributing to these differences. The results of the analysis indicate that small businesses in the region are unevenly distributed geographically — the majority of them are concentrated in the central areas, particularly in Gulistan and Yangiyer cities, while business activity remains significantly lower in some border and rural districts. The article analyzes the causes of these disparities and proposes scientifically grounded recommendations for ensuring balanced regional development.

**Keywords:** Small business, regional distribution, Sirdarya Region, economic geography, regional disparities, entrepreneurial environment, economic development.

### Introduction

Small business is an important component of the modern market economy and plays a crucial role in creating employment opportunities, ensuring population employment, and developing regional economies. In recent years, supporting



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small business has become one of the priority areas of state policy in Uzbekistan. In particular, the Action Strategy for 2017–2022 and the subsequent Development Strategy of New Uzbekistan have defined important objectives aimed at promoting entrepreneurship, reducing legislative barriers, and creating a competitive business environment.

However, the development of small business is not uniform across the regions of the country. In many regions, including Sirdarya Region, the territorial distribution of small business has not yet been sufficiently studied from a scientific perspective. Most existing studies are limited to generalized data at the national level and pay insufficient attention to the analysis of territorial differences within individual regions.

Sirdarya Region, due to its specific characteristics, represents an important object for separate study. Although the region has a relatively small territory (5,100 km<sup>2</sup>), it includes urban and rural districts with different levels of development. The economic gap between a relatively developed urban center such as Gulistan and rural districts is expected to be clearly reflected in the development of small business as well.

The purpose of this study is to identify the characteristics of the territorial distribution of small business across the districts of Sirdarya Region, reveal the geographical and economic factors causing development disparities, and develop recommendations aimed at ensuring balanced regional development.

The following methods were applied in the study: the statistical analysis method — to compare the number of small business entities, their sectoral structure, and development dynamics across the districts of the region; cartographic analysis — to visualize the territorial distribution of small businesses and identify geographical patterns; correlation analysis — to measure the relationship between small business development and the factors influencing it; and the expert evaluation method — based on the results of surveys conducted among regional business entities and representatives of local authorities.

The main sources of information include: reports on the region provided by the Statistics Agency of the Republic of Uzbekistan (2019–2024); data from the Sirdarya Regional Tax Department; the Unified State Register of Business



Entities; and statistical data from the Regional Department of Employment and Labor Relations.

As of the beginning of 2024, more than 18,400 small business entities were registered in Sirdarya Region. This figure represents a 34% increase compared to 2019. The number of employees engaged in small businesses reached 87,000 people, accounting for 21% of the regional labor market.

The share of small business in the region's Gross Regional Product (GRP) amounted to 31.4% in 2024. This indicator demonstrates significant growth compared to 2019 (24.7%). However, this share remains lower than the national average (38.2%), indicating that the small business potential of the region has not yet been fully realized.

**Table 1. Key indicators of small business development in Sirdarya Region (2019–2024)**

Indicator	2019	2021	2023	2024
Number of small enterprises (thousand)	13.7	15.2	17.1	18.4
Number of employed people (thousand persons)	64.3	72.1	81.5	87.0
Share in Gross Regional Product (GRP) (%)	24.7	27.3	29.8	31.4
Average monthly salary (thousand UZS)	1,820	2,540	3,910	4,650

**Source:** Compiled by the author based on data from the Statistics Agency of the Republic of Uzbekistan.

In terms of sectoral structure, small businesses are distributed as follows: trade (38.4%), services (24.1%), food production and agricultural processing (17.3%), construction (11.2%), textile and clothing production (6.8%), and other sectors (2.2%). This structure is similar to the indicators observed in other regions of Uzbekistan.

However, it should be noted that the share of small enterprises operating in innovative and technological sectors remains very low (1.8%). This situation indicates the need for comprehensive measures aimed at modernizing small businesses in the region and strengthening their integration into the digital economy.



Sirdarya Region consists of 8 districts and 2 cities. The territorial distribution of small business entities is characterized by a highly uneven pattern. Gulistan city and the adjacent Gulistan district together account for 42.3% of the total number of small enterprises in the region. Yangiyer city ranks second with a share of 14.8%.

**Table 2. Distribution of small business entities by districts of Sirdarya Region (2024)**

District/City	Number of small enterprises	Share (%)	Per 10,000 inhabitants	Growth rate 2019–2024 (%)
Gulistan city	4,812	26.2	98.4	+41.2
Gulistan district	2,967	16.1	67.3	+38.7
Yangiyer city	2,723	14.8	72.1	+35.4
Xovos district	1,842	10.0	54.6	+29.3
Oqoltin district	1,654	9.0	51.2	+31.8
Mirzaobod district	1,423	7.7	38.4	+22.1
Sardoba district	1,187	6.4	34.7	+18.6
Sayxunobod district	1,043	5.7	31.2	+16.9
Boyovut district	876	4.8	26.8	+14.3
Sirdarya district	473	2.6	18.3	+9.7
<b>Total region</b>	<b>19,000</b>	<b>100.0</b>	<b>48.7</b>	<b>+34.1</b>

**Source: Author’s calculations based on data from the Sirdarya Regional Department of Statistics (2024).**

As can be seen from the data presented in the table, the number of small enterprises per 10,000 inhabitants is the highest in Gulistan city (98.4 units) and Yangiyer city (72.1 units). Meanwhile, Sirdarya district has the lowest indicator (18.3 units). This difference — representing a 5.4-fold gap — indicates a significant level of territorial disparity.

The results of the study revealed that territorial disparities are associated with several geographical factors. The first factor is transport accessibility. Gulistan and Yangiyer cities are connected to major highways, which facilitates the



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transportation of raw materials and finished products. In contrast, transport infrastructure in Sirdarya and Boyovut districts is relatively underdeveloped.

The second factor is proximity to markets. The concentration of population in central districts determines the size and capacity of the local market. The third factor is related to rivers and water resources. Small food production enterprises are mainly concentrated in areas located close to irrigation networks.

Border districts, particularly Sardoba and Sirdarya districts, demonstrate relatively lower indicators. This can be explained, on the one hand, by the tendency of the population in these districts to migrate to Tashkent or Kazakhstan, and on the other hand, by the insufficient development of infrastructure required for conducting business activities.

The analysis of financial factors influencing the territorial distribution of small businesses showed that the location of bank branches has a direct impact on the density of small business activity. In Gulistan city, there are 2.3 bank branches per 1,000 small enterprises, whereas in Sirdarya and Boyovut districts this indicator ranges from 0.6 to 0.8. Limited access to credit resources is identified as one of the main barriers to small business development in border districts.

Entrepreneurship support centers are also mainly concentrated in Gulistan city. The inability of other districts to fully benefit from this institutional support limits the establishment and development of new small enterprises.

Based on the study, the following problems hindering the territorial development of small businesses in Sirdarya Region were identified. First, territorial disparity — the difference in small business density between urban and rural districts exceeds five times. Second, the uneven distribution of financial services across districts — access to banking services remains highly limited in border districts. Third, the issue of human resources — many small business owners lack sufficient knowledge and skills in modern management, marketing, and financial accounting.

Fourth, the low level of digitalization — 78% of small businesses in the region still do not use e-commerce opportunities. Fifth, the insufficient level of cooperation and clustering — collaborative relationships among small enterprises are not well developed.



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The first recommendation is to expand the network of regional entrepreneurship centers. It is necessary to establish entrepreneurship support centers, which are currently mainly concentrated in Gulistan city, across all districts of the region. In particular, the introduction of mobile entrepreneurship consulting services in Sardoba, Boyovut, and Sirdarya districts is recommended.

The second recommendation is to strengthen the microfinance system. It is necessary to expand microcredit programs in border and remote districts, increase the amount of unsecured loans, and establish preferential interest rates. This measure will particularly encourage the establishment of new small enterprises in rural areas.

The third recommendation is to establish agro-industrial small business clusters. By creating clusters of small enterprises specializing in the processing of agricultural products in Sardoba and Oqoltin districts, it is possible to effectively utilize the natural advantages of these areas. This approach will significantly contribute to reducing territorial disparities and creating employment opportunities in rural areas.

The fourth recommendation is to expand the use of digital trade platforms. Free training courses on e-commerce and digital marketing should be organized for small business owners at the regional level. It is also recommended to develop a local digital platform called “Sirdarya Market” or support the integration of entrepreneurs into existing national platforms.

The fifth recommendation is the geographical differentiation of tax incentives. In economically underdeveloped districts, the tax burden applied to small businesses should be reduced for a period of 3–5 years or full tax holidays should be introduced. This recommendation has proven effective in international practice, particularly in the examples of “incubator” zones implemented in China and South Korea.

This study has scientifically demonstrated that the territorial distribution of small businesses in Sirdarya Region is characterized by significant disparities. While a concentration of small business activity is observed around Gulistan and Yangiyer cities, border and remote rural districts — such as Sirdarya, Boyovut, and Sardoba — are distinguished by considerably lower levels of small business development.



The main causes of territorial disparities include the uneven distribution of transport and financial infrastructure; the larger market capacity in central districts; the concentration of institutional support services mainly in urban areas; and the tendency of labor resources to migrate toward regional centers.

The implementation of the recommendations developed as a result of this study — including the expansion of the network of regional entrepreneurship centers, strengthening of the microfinance system, establishment of agro-industrial clusters, promotion of digitalization, and geographical differentiation of tax incentives — can contribute to achieving balanced territorial development of small businesses in the region.

For future research, it is recommended to conduct cartographic modeling of the territorial distribution of small businesses using GIS technologies and to carry out econometric analysis based on panel data.

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