



## PARTICIPATION OF BUSINESS ENTITIES IN PUBLIC PROCUREMENT

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<p><b>Qabul qilindi:</b> 24-mart 2025-yil  <b>Tasdiqlandi:</b> 26-mart 2025-yil  <b>Jurnal soni:</b> 14  <b>Maqola raqami:</b> 10  <b>DOI:</b> <a href="https://doi.org/10.54613/ku.v14i.1121">https://doi.org/10.54613/ku.v14i.1121</a></p>	<p>This article provides information about the role of business entities in the public procurement process, the procedure for their participation, existing problems in this area, and the proposed solutions. During the research, the public procurement process carried out by budget organizations was analyzed, with a focus on purchases from small business entities.</p>
KALIT SO'ZLAR/ КЛЮЧЕВЫЕ СЛОВА/ KEYWORDS	
<p>public procurement, business entities, small business entities, contracts, competition, organizations.</p>	

**Introduction.** Entrepreneurship is a crucial component of any economy and plays a significant role in the economic development of a country. In particular, the participation of business entities in public procurement serves as a means of creating new opportunities, increasing financial stability, and strengthening competitiveness. This paper provides detailed information about the role of business entities in the public procurement process, the procedure for their participation, existing problems in this field, and proposed solutions.

Public procurement refers to the process of purchasing goods, services, and works carried out by government agencies, organizations, and institutions. By participating in this process, business entities can expand their operations, increase their revenues, and gain the opportunity for state support. In the Republic of Uzbekistan, public procurement is regulated based on the "Public Procurement Law" and relevant normative and legal documents. In this process, business entities can submit their proposals through specialized platforms related to public procurement.

Participation in public procurement offers several advantages, including the opportunity to secure stable financial income, collaborate with major clients – government organizations, work based on long-term contracts, enhance competitiveness, and enter new markets.

As for the challenges faced by business entities, examples include the complexity of the tender processes, low levels of transparency, insufficient financial and legal literacy, and the competitive conditions that create difficulties for local entrepreneurs. To address these issues, steps can be taken to increase transparency in the public procurement process, make broader use of electronic platforms, introduce preferential conditions for small and medium-sized business entities, and provide legal and financial support to entrepreneurs.

**Literature review.** The participation of business entities in public procurement plays a crucial role in the development of a country's economy. The laws adopted and the measures implemented in this regard are aimed at encouraging active participation of entrepreneurs in public procurement.

The Law of the Republic of Uzbekistan "On Public Procurement" outlines measures to ensure the rational use of budget system funds in the public procurement sector, improve procurement procedures, and ensure the broad participation of business entities. However, corruption schemes and collusion can still occur in public procurement. For instance, collusion between the customer and a tender participant or cartel agreements among tender participants can negatively impact the state, society, and business. To prevent such situations, ensuring transparency and openness in public procurement, enhancing competition, and combating corruption are critical.

Simplifying the process of registering business entities also serves to increase their participation in public procurement. For example, according to the decision of the President of the Republic of Uzbekistan, No. PQ-2646 dated October 28, 2016, "On Improving the System of Registration and Accounting of Business Entities," the

process of registering and accounting for business entities was significantly improved, and modern information and communication technologies were introduced.

Moreover, N.F. Bayirov, in his article titled "Improving Financial Relations in the Public Procurement System in Modern Conditions," analyzes and shares his views on the transparency of public procurement, its advantages, and the issues within the system (N.F. Bayirov, 2025). Additionally, H.S. Sanjar o'g'li, in his article "Prospects for Electronic Trading in the Public Procurement System and Ways to Develop It," discusses the benefits of the public procurement system and the participation of entrepreneurs within this system (H.S. Sanjar o'g'li, 2023).

**Research Methodology.** During the research process, statistical analysis, comparison, and contrast methods were widely used to shape the research results. In the process of conducting quantitative research, data from the Treasury Service Committee under the Ministry of Economy and Finance of the Republic of Uzbekistan was primarily utilized, secondary data was collected, and the analyses mentioned above were carried out. In writing this article, both inductive and deductive methods were employed, allowing for the transition from general information to more specific details.

**Research results.** The involvement of business entities, particularly small and medium-sized enterprises (SMEs), in public procurement is a significant factor for economic development. Public procurement provides business entities with opportunities to expand their market reach, innovate, and contribute to job creation. When business entities, including SMEs, participate in public procurement, they can access new projects, secure contracts, and contribute to the overall economic growth of a country.

Public procurement contracts can lead to the creation of numerous job opportunities. As businesses secure government contracts, they need to expand their workforce to meet the demands of these projects. Small and medium-sized enterprises often bring innovative solutions to public procurement projects. Their participation fosters a competitive environment, which can improve the quality of goods and services provided by the government. By actively engaging with public procurement processes, business entities, particularly SMEs, can gain experience and build a more resilient business environment. This can also lead to better industry standards and practices. Broadening the scope for business participation in public procurement can help diversify the economy, making it less reliant on a few large businesses. This creates a more stable and balanced economic environment.

The diagram below provides a structured explanation of procurement procedures and their associated criteria. This diagram serves as an informative guide for organizations, institutions, and

professionals involved in procurement processes, offering insights into best practices and fundamental calculations required for effective procurement management.

Types of Procurement Procedures and Criteria				
Type of Procurement		For Budget Customers	For Corporate Customers	Duration
Electronic Store	Goods	0*-2500* 0-937 500 000 cým *Within one fiscal year, for the same type of goods, up to 10,000 equivalent.	0*-25000* 0-9 375 000 000 sum	48 hours
	Work, Service	0*-50* 0-18 500 000 cým *Within one fiscal year, for the same type of work or services, up to 500 times the equivalent.	0*-100* 0-37 500 000 cým *Within one fiscal year, for the same type of work or services, up to 1000 times the equivalent.	
Auction	Goods	0*-6000* 0-2 250 000 000 sum	0*-25000* 0-6 125 000 000 sum	5 work days
	Work, Service	-	-	
Selecting the Best Offers	Goods	0*-6000* 0-2 250 000 000 sum	0*-25000* 0-9 125 000 000 sum	5 work days (2 work days discussion)
	Work, Service	0*-6000* 0-2 250 000 000 sum	0*-25000* 0-6 375 000 000 sum	
(Simplified Selection)	Goods, Work, Service	0*-25* 0-9 375 000 sum	0*-50* 0-18 500 000 sum	
	Within one fiscal year	0*-500* 187 500 000 sum	0*-1000* 375 000 000 sum	
Tender	Goods, work, service	6000* - <	25000* - <	12-30 work days 1
		2 250 000 000 sum - <	9 375 000 000 sum - <	

\* Basic Calculation Amount

**Picture 1. Types of Procurement procedures and criteria**

Procurement is a crucial aspect of financial and operational management within organizations. Proper procurement procedures ensure transparency, efficiency, and compliance with regulatory frameworks. This presentation outlines the key procurement methodologies and the essential criteria used in the evaluation and execution of procurement operations.

The diagram classifies procurement into various types, which may include: Open Tendering: A competitive bidding process where all eligible suppliers can participate. Restricted Tendering: A process where only pre-selected suppliers are invited to bid. Request for Proposal (RFP): Used when procurement requires complex solutions rather than just price-based selection. Request for Quotation (RFQ): A simpler process used for standardized goods and services. Direct Procurement: A non-competitive method where procurement is made directly from a supplier. E-Procurement: The use of digital platforms to streamline the procurement process. Each of these methods is employed based on the nature of the procurement need, regulatory requirements, and efficiency considerations.

Effective procurement is governed by a set of evaluation criteria to ensure fair selection and optimal resource utilization. The presentation covers criteria such as: Cost-effectiveness: Ensuring that procurement decisions offer the best value for money. Quality Standards: Evaluating supplier qualifications and the quality of goods/services. Delivery Timelines: Assessing suppliers' ability to meet delivery deadlines. Compliance with Legal and Ethical Standards: Ensuring that procurement follows regulatory requirements and ethical considerations. Financial Stability of Suppliers: Examining the financial health of potential suppliers to avoid risks.

The diagram highlights fundamental calculation methods essential for procurement budgeting and cost analysis. These calculations help in, estimating procurement costs, allocating budget resources efficiently and comparing bids based on financial viability.

The diagram serves as a valuable reference for professionals engaged in procurement management. It provides a structured approach to understanding different procurement methods, their selection criteria, and financial calculation principles. By following these guidelines, organizations can ensure transparency, cost-effectiveness, and regulatory compliance in their procurement processes.

**Conclusion.** The participation of small businesses and entrepreneurship in public procurement is crucial for the development of the economy. Through them, jobs are created, innovations are implemented, and the business environment is improved. Therefore, it is necessary to take continuous measures to expand small businesses' access to public procurement and support their participation. This will not only foster the development of small businesses but also contribute to overall economic stability.

Governments should simplify the procurement procedures to make it easier for small and medium-sized enterprises to participate. This includes reducing bureaucratic hurdles and making the process more transparent. Ensuring that SMEs have easy access to information about available tenders and procurement opportunities is essential. This can be achieved through dedicated platforms and outreach programs. Offering financial assistance or guarantees for small businesses can help them meet the financial requirements of public procurement contracts. Governments should provide training and support programs to help SMEs understand the procurement process, improve their competitiveness, and ensure they meet the necessary standards. Public procurement should actively seek out innovative solutions from SMEs, providing them with an opportunity to demonstrate their capabilities in delivering cutting-edge services and products.

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