

OVERVIEW OF SMALL BUSINESS IN RURAL AREAS OF AFGHANISTAN

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ABSTRACT

In this article and scientific research, an attempt has been made to study the various dimensions of small businesses in rural areas of Afghanistan, including the general introduction of small businesses in Afghanistan and the rural population, national programs supported small businesses over the past two decades which Implemented or ongoing, the inclusion of small business development program in the Afghan National Development Strategy, definition of rural enterprises from the perspective of the Afghan Ministry of Rural Development, Examples of different types of small businesses in addition to agriculture and livestock which are the main sources of income for rural people, major challenges for the development of small businesses in rural Afghanistan, recommendations for the future of rural small businesses to play a major role in Afghanistan's economic growth And poverty reduction in rural communities and at the conclusion trying to analysis the situation of small businesses in rural areas of Afghanistan.

Keywords: Small business, rural development, economic growth, Poverty, vulnerability, production, and marketing.

INTRODUCTION

Overall, according to the Afghan National Statistics and Information Office, 23.8 million out of 33.6 million people total population of Afghanistan, which are 70.8% of the Afghan population, live in rural areas. where agriculture is their main activity and accounts for about one-third of gross national income. However, poor governance, weak production markets, inadequate marketing infrastructure and marketing services for businesses, as well as little action taken after the potential for economic development in the sector and the structure of on-farm and off-the-job employment opportunities. Restrict the farm. Hence, poverty has persisted in rural areas. Key challenges include (but are not limited to) poverty and vulnerability, recession and growing insecurity, sporadic and uncoordinated development, widespread poppy cultivation,

weak organizations and institutions, lack of access to financial resources and weak markets. Production factor, insufficient infrastructure for marketing and lack of business professionals. As per ANDS Afghanistan National Development Strategy "A hopeful and prosperous society based on a market economy with the support of special characteristics, social equality and environmental sustainability". In Afghanistan's National Development Strategy, investing in alternative livelihoods is key, and in Agriculture and Rural Development Strategies, a series of projects / investments are designed to improve the quality of life and create and diversify their livelihoods.

In the mentioned national strategy, the Rural Enterprise Development Program of Afghanistan is considered as one of those projects.

In last 2 decade The International Development Agency (IDA), in collaboration with the World Bank, has played an important role in Afghanistan's reconstruction and development of agriculture and rural development, including a number of national policies, projects and programs such as National Solidarity, Water for agriculture, rural roads construction , horticultural and livestock development, and small loans are includes.

The mission of the Ministry of Rural Rehabilitation and Development is to ensure the social, economic, and political well-being of rural communities, especially the poor and vulnerable, by providing basic services, strengthening local governance, and improving sustainable livelihoods. The Ministry of Rural Rehabilitation and Development will carry out this mission through national programs funded by donor resources in the areas of governance, economic development, and infrastructure.

The Afghan National Rural Development Programs funded by the International Development Agency (IDA) intends to use the potential of the private sector for comprehensive economic growth and sustainable employment in rural Afghanistan. The program seeks to transform the structure of social capital created by the Solidarity Program into economic capital. The overall project development goal (PDO) is to "improve employment and revenue opportunities for Rural men and women and the sustainability of local enterprises "These goals are achieved by increasing the participation of poor rural people in economic activities, strengthening and supporting them by providing business development services and access to finance, and improving Communication with the market and value chain.

What is small business definition in Afghanistan?

There are many definitions for the business, the following definitions crystallize a value of this idea:

- A branch of an economic organization or activity; Specifically: a work and business organization
- In general, any endeavor whose main motive is to obtain benefits and whose employment is not limited to one person, or entrepreneurial activity, especially when accompanied by initiatives and resources.

According to the Afghanistan Rural enterprise Development Program, rural enterprises are small-scale enterprises or businesses engaged in profitable activities in rural areas of Afghanistan, which on a small scale with an investment equivalent to or less than 250,000

Afghanis, including factories and machinery. Without land and repair and equivalent to or less than three people work into it. Small-scale enterprises can be for crop production / plant breeding, trade in goods / products, and so on.

Definition of Small business from the perspective of Afghanistan rural Enterprise development program of Ministry of Rural rehabilitation and development:

"Carrying out an activity for the production, sale and purchase of goods, and providing services to obtain profits" is small business or microenterprise in rural areas of Afghanistan.

Some examples of small business types in rural Areas of Afghanistan:

1. Processing of food stuffs,
2. Livestock
3. Dairy process.
4. Process dried fruits and trade such as almonds, process, and trade grapes / raisins.
5. Spinning wool and spinning cotton sections
6. Commercial activities such as trade in cereals, animals, wood, etc.
7. Carpets weaving.
8. Bakery
9. Beekeeping
10. Poultry
11. Dairy products such as cheese, milk, yogurt, etc.
12. Workshops, car repair centre / workshop, bicycle, motorcycle, mobile phone, etc.
13. Grocery store, vegetables and other products or various ingredients store
14. Handicrafts such as weaving, hand-making, glove weaving, etc.
15. Meat processing activities,
16. Any work and mobile acquisition.
17. baked goods,
18. soap making.
19. tailoring
20. beauty salon.

Challenges faced by small business in rural areas of Afghanistan:

Insecurity and active war in Afghanistan especially in rural areas is the main challenge front of small business development in rural areas of Afghanistan, Meanwhile, uncertainty of business environment and decreasing market confidence, depends on donor organizations for start-up support, limited productive diversity, limited access to credit, quality control and creativity, lack of industrial energy and access to markets are the issues small businesses faced in rural areas of Afghanistan.

RECOMMENDATIONS

- Resources mobilization in rural areas
- Provide technical and vocational trainings for poor, vulnerable and marginalized households to startup small business.
- Provide tools and equipment's for small business of rural areas by government and nongovernmental organizations.

- Provide seed capital or loan for small business.
- Improve market linkage of small business specially to urban areas.
- Work on quality and quantity improvement of small business of rural areas.
- Provide direct and immediate support to small businesses to ensure continued operation.
- Provide direct and immediate support to workers and those most vulnerable.
- Adapt existing Government-led social programs.
- Ensure open and the expedited flow of essential goods across borders.
- Implement formal and informal channels for dialogues between government, employers, workers, and communities.

CONCLUSION

The majority of Afghans population lives in rural areas and most of them are engaged in agricultural and livestock activities, in addition to agriculture and livestock, a number of them are engaged in small businesses, which over the past two decades with the establishment of the Ministry of Rural Rehabilitation and Development under government of Afghanistan and implemented various programs such as National Solidarity program in rural areas, Rural Enterprise Development program, Citizen charter national program, Rural Road Construction Program and Women's Economic empowerment rural development Program in Most Villages The above programs especially the Rural enterprise Development and the Women's Economic empowerment programs in close collaboration with nongovernmental and none profit Organizations like Swedish Committee For Afghanistan have been implemented and are currently ongoing programs to provide supports for rural men and women to initiated and developed small business and provide them seed capital, established community based organization CBOs, Vocational and technical trainings, distribute of tools and small machineries needed by entrepreneurs, linked them with the market actors both raw materials suppliers and output buyers, interduce them to participate in exhibitions, but unfortunately war and insecurity, poverty and unemployment, corruption, weak governance, low capacity of service providers and limited Development programs are the challenges which prevent rural small businesses to promote their functionality and play efficient role in economic growth.

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