

## **STRUCTURE AND FEATURES OF EXPANDING INVESTMENT IN THE SOUTHERN REGION OF UZBEKISTAN**

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### **ABSTRACT**

*The article provides information on the structure and features of expanding investment in the southern region of Uzbekistan. It is noted that the effective organization of investment activities in the regions, it is necessary to pay attention to its important aspects and features. Scientifically based proposals and recommendations have been developed for the formation and gradual improvement of investment attraction mechanisms, the organization of decentralized investments and their continuous development to increase local investment activity.*

**KEYWORDS:** *Investment Activity, Domestic And Foreign Investment, Investment Activity, Innovation, Investment Efficiency, Free Investment Capital Flow, Investment Structure.*

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### **INTRODUCTION**

The establishment of a national economy and the implementation of economic reforms in the Republic of Uzbekistan, consistent and inherent in market relations, requires, first of all, the socio-economic development of the regions. It is becoming clear that it is impossible to adequately develop the national economy without stabilizing the regional economy and deepening the ongoing reforms. Fulfillment of these tasks requires improving the mechanism of investment placement with a realistic assessment of the situation in the country and its regions.

Resolution of the President of the Republic of Uzbekistan No. PD-4947 dated February 7, 2017 "On the Action Strategy for further development of the Republic of Uzbekistan", PR-3182 of August 8, 2017 "On priority measures to ensure the rapid socio-economic development of the regions" and Adoption of the Resolution and Decree No. PD-5233 of August 25, 2021 "On measures to provide investment projects with external infrastructure" will serve to improve and legally strengthen the investment climate in the regions. The formation of economic zones is an objective process, which is the product of the development of the territorial division of labor. Economic zoning is based on economic, national and administrative principles. These principles have been tested by economic zoning practices for decades. While the factors that make up the region include the availability of natural resources, primarily mineral deposits, high population density, specialization of the economy, employment and other factors, today their geography is expanding significantly.

### **ANALYSIS OF THE RELEVANT LITERATURE**

A number of scientists have conducted research on strengthening the role of domestic and foreign investment in the development of regional economies, rational assessment of existing opportunities, improving the scientific and methodological framework to increase the attractiveness of the investment climate, regional potential of the region, regional features of investment.

In particular, Professor AM Sodikov in his scientific work emphasized the role of their investment

activity in the socio-economic development of the regions of the country, which depends on the natural-economic, production, socio-demographic potential, [5] and in the scientific work of Sh. I. Mustafokulov It should be noted that the natural resource reserves, incentives for investors, infrastructure status, investment rating of the region affect the inflow of foreign investment and domestic investment, with proposals and recommendations to ensure the volume of investment in fixed assets and economic potential [6]. Researcher AA Kakajanova also said that based on the ways of effective use of domestic investment potential in the national economy[7] or BB Valiev's research to identify regional characteristics and relative advantages, they emphasize that it is necessary to develop measures to rationally attract investment in specific areas of the region[8].It can be cited that A.E. Kobilov studied the issues related to the identification of problems affecting the promotion of foreign direct investment in Kashkadarya region and the reasons for their solution and their effective development [9].

The majority of economists in the country in their research work divide the country into six main economic regions. That is, Tashkent region, Tashkent city and Tashkent region, Fergana region, Andijan, Namangan and Fergana regions, Mirzachul region, Jizzakh and Syrdarya regions, Zarafshan region, Bukhara, Navoi and Samarkand regions, Southern region, Surkhandarya and Kashkadarya regions and the Lower Amudarya region which includes the Republic of Karakalpakstan. and Khorezm regions.

In fact, the territory of the regions will not be exactly the same naturally and economically. Similarly, the productive forces are not evenly distributed across the region. Inequality is a specific factor in regional economic development. Interestingly, usually any country or region tries to evenly distribute the productive forces in its territory, to equalize the socio-economic development of the regions, but in the absolute sense it is much more difficult to achieve such equality.

## **RESEARCH METHODOLOGY**

Comparative analysis, logical analysis, system analysis, static grouping, analysis and synthesis, induction, deduction methods were used in the research process.

## **ANALYSIS AND RESULTS**

Among the regions of the republic, the Southern region has its own characteristics and is located in the southern part of Uzbekistan, and includes Surkhandarya and Kashkadarya regions. The area of the region is 48.9 thousand square meters. km., which is 10.9% of the country's area. In the region in early 2020, 5 mln. 782.3 thousand people lived there. This represents 17.3 percent of the country's population. The region is bounded on the north and northwest by the Zarafshan region, on the east and northeast by the Republic of Tajikistan, on the southwest by the Republic of Turkmenistan, and on the south by the Republic of Afghanistan via the Amu Darya.

The Gissar Range and its continuation, the relatively undeveloped Boysun and other mountains, previously separated the two areas from a natural geographical point of view, but now round them off by their economic geography. As a result, there is no reason to separate Surkhandarya region as a separate economic region, which allows it to be considered together with Kashkadarya at the level of the Southern Economic Region, which has a significant regional, economic and demographic potential. The southern region is bounded on the north and east by the Zarafshan and Gissar ridges. To the west and southwest is the Karshi desert, which is connected to the Sandikli and Kyzylkum deserts. The southern region is connected to the Amudarya. Kashkadarya and Surkhandarya regions are separated by Mount Boysun and Mount Kohitang, which stretches from north to south.

Most of the country's natural gas and oil reserves are located in this region. The main gas fields are Zevardi, Mubarek, Shurtan, Kokdumalak, Koltak, Odamtash, Boysun, Uvada and others. The gas

contains sulfur, gas condensate. The total large reserves of natural gas allow for export. Shurtan gas was transported to Syrdarya HES and Tashkent. The Mubarek gas field is connected to the Central Asia-Ural and Central Asia-Central main gas pipelines. High quality coal is mined from the Boysun Mountains. There are Shargun and Boysun deposits of coal. Oil (gas condensate) deposits include Kokayti, Khavdak, Koshkuduk and especially large Kokdumalak deposits.

There are potassium salt deposits (large deposits Tubakat, Akbosh) and table salt (large deposits Boybichakon, Khojaikon), which are the raw materials of the chemical industry. In addition, building materials cement raw materials, gypsum, coated sands, bentonite soils, granite, dolomite expanded clay deposits were identified.

At present, the region is distinguished by such sectors of the economy as oil and gas, light industry, mainly ginning, cotton, cocoons, horticulture. The region's share in the country's GDP is 11.5%. Of these, 10 percent are industrial and 15.7 percent are agricultural products. Based on these data, the economy of the region can be described as more agrarian-industrial oriented. The southern region plays an important role in the national economy of Uzbekistan in terms of agricultural products and fuel resources. Agriculture is the leading sector in the region's economy. In recent years, new oil and gas fields discovered in Kashkadarya region have created favorable conditions for the development of the region's economy. The use of natural gas and other rich natural resources has radically changed the location of the industry. For example, large-scale industries have been created in the region: fuel and energy, chemical, construction materials and textile industries. As a result, the gross regional product in the region in current prices increased from 32343.5 billion soums in 2016 to 60922.6 billion soums by 2020 (Table 1).

**TABLE 1 GROSS DOMESTIC PRODUCT (REGIONAL) IN 2016-2020 (IN CURRENT PRICES, BILLION SOUMS)**

INDICATORS	2016 Year	2017 Year	2018 Year	2019 Year	2020 Year
Uzbekistan Republic	255421,9	317476,4	424728,7	529391,4	602551,4
Tashkent Region (Tashkent)	37164,3 23876,1	49259,1 29092,8	64519,1 40219,2	86126,2 55306,5	97545,2 64892,7
<b>Total</b>	<b>61040,4</b>	<b>78351,9</b>	<b>104738,3</b>	<b>141432,7</b>	<b>162437,9</b>
Fergana region (Andijan, Namangan and Fergana)	16115,6 12874,5 18106,3	19753,0 15311,1 20749,2	27144,4 18916,1 27663,1	33802,1 23920,9 32737,8	38531,0 27903,2 37612,1
<b>Total</b>	<b>47096,4</b>	<b>55813,3</b>	<b>73723,6</b>	<b>90460,8</b>	<b>104046,3</b>
Mirzachul region (Jizzakh and Syrdarya)	7767,1 6059,8	9680,7 6799,6	12780,1 8594,2	16143,6 11949,2	18148,1 12869,4
<b>Total</b>	<b>13826,9</b>	<b>16480,3</b>	<b>21374,3</b>	<b>28092,8</b>	<b>31017,5</b>
Zarafshan region Bukhara, Navoi and Samarkand)	14390,7 11959,3 23083,3	17191,0 14681,5 27039,0	21928,4 22677,2 32863,7	28143,3 36661,9 39050,5	31525,1 49742,2 43834,7
<b>Total</b>	<b>49433,3</b>	<b>58911,5</b>	<b>65979,9</b>	<b>103855,7</b>	<b>125102</b>
Southern region (Surkhandarya and Kashkadarya)	12179,6 20163,9	14404,4 21597,3	18674,9 26554,1	22393,5 32399,3	24912,0 36010,6
<b>Total</b>	<b>32343,5</b>	<b>36001,7</b>	<b>45229</b>	<b>54792,3</b>	<b>60922,6</b>
Lower Amudarya region (Karakalpakstan Republic and Khorezm)	8568,3 10336,6	10855,1 12008,1	15703,5 15977,2	19715,0 19241,1	21949,3 21615,4
<b>Total</b>	<b>18904,9</b>	<b>22863,2</b>	<b>31680,7</b>	<b>38956,1</b>	<b>43564,7</b>

In addition, the GDP per capita in the country amounted to 17601.9 thousand soums (or the equivalent of 1 724 US dollars). This is an increase of 3.9 percent compared to 2019. GDP growth per capita in 2016-2020 was 2.7 percent and 3.9 percent, respectively (Table 2). At the same time, in 2020 the population of Kashkadarya region increased by 10887.6 thousand soums per capita, the population of Surkhandarya region - by 9382.2 thousand soums. In Surkhandarya region, this figure is lower than average compared to other regions. This requires improving the investment climate in the region.

**TABLE – 2 GRP PER CAPITA IN 2016-2020 (IN CURRENT PRICES, THOUSAND SOUMS)**

<b>INDICATORS</b>	<b>2016 Year</b>	<b>2017 Year</b>	<b>2018 Year</b>	<b>2019 Year</b>	<b>2020 Year</b>
Republic of Uzbekistan	8020,1	9802,1	12887,7	15764,9	17601,9
The Republic of Karakalpakstan	4748,8	5932,1	8461,0	10463,9	11485,2
<b>REGIONS:</b>					
Andijan region	5488,0	6612,8	8931,1	10913,4	12201,4
Bukhara region	7866,3	9257,9	11664,0	14739,4	16288,7
Jizzakh region	6028,0	7373,0	9546,6	11807,8	12997,3
Kashkadarya region	6595,6	6925,3	8348,5	9979,1	10887,6
Navoi region	12786,6	15447,7	23347,2	37095,9	49470,1
Namangan region	4899,2	5721,7	6938,6	8598,8	9828,2
Samarkand region	6380,5	7335,8	8741,5	10174,4	11204,0
Surkhandarya region	4997,8	5788,9	7346,2	8614,6	9382,7
Syrdarya region	7605,2	8399,8	10443,8	14257,5	15074,8
Tashkent region	8491,7	10225,2	13965,5	18939,3	21864,8
Fergana region	5122,0	5775,7	7575,2	8805,3	9934,59
Khorezm region	5867,0	6705,4	8777,2	10394,4	11498,8
Tashkent city	15429,2	20151,0	25938,4	33897,3	37168,6

Countries or individual regions have their own characteristics, which are the main force that motivates investors to earn high returns (profits). At the same time, each region seeks to make full and effective use of its domestic potential, development potential, increase export potential by creating a favorable investment climate.

Therefore, investors try to place their investments primarily in the region or area where relatively cheap raw materials, labor, energy, water and other production resources are available. At the same time, investors are also interested in the macro-meso and micro-level economic situation in the state or region, formed over a period of time under the influence of political, economic and social and economic conditions. This situation provides investors with information on the level of investment risk in the country (region) chosen to invest. From this point of view, the assessment of the specifics of the regions and territories of Uzbekistan will serve to invest in the socio-economic development of the regions and find solutions for its optimal placement. The geopolitical position of the southern region is also described, bordering Turkmenistan to the west and southwest, Afghanistan to the south, and the Republic of Tajikistan to the east. This is a relative advantage in transport costs for exports to Tashkent region, Fergana region, Russia, Kazakhstan, China, while the southern region has a relative advantage in transport costs for exports to Turkmenistan and Afghanistan. This is reflected in the GRP of the regions, the amount of investment in fixed assets in the regions in 2016-2020.

**TABLE 3 FIXED CAPITAL INVESTMENTS BY REGIONS IN 2016-2020 (IN CURRENT PRICES, BILLION, SOUMS)**

<b>INDICATORS</b>	<b>2016 Year</b>	<b>2017 Year</b>	<b>2018 Year</b>	<b>2019 Year</b>	<b>2020 Year</b>
Republic of Uzbekistan	51232,0	72155,2	124231,3	195927,3	210195,1
The Republic of Karakalpakstan	3778,3	2822,0	6757,8	8750,6	7089,8
<b>REGIONS:</b>					
Andijan region	2188,5	2986,0	4711,9	7452,1	9622,6
Bukhara region	5922,9	11613,4	9610,9	10366,6	12183,9
Jizzakh region	1449,7	1788,2	3606,3	7900,9	12545,4
Kashkadarya region	7304,4	11175,3	16518,5	24462,5	20557,6
Navoi region	2963,2	3977,9	10579,5	17646,3	15688,4
Namangan region	2824,5	3586,7	8158,1	12084,9	12007,2
Samarkand region	3623,5	4384,2	7061,4	10266,7	14656,4
Surkhandaryaregion	2142,4	3551,0	7240,6	11835,1	10068,2
Syrdaryaregion	1322,9	1628,0	2699,3	5869,1	7191,9
Tashkent region	4238,7	5938,4	11226,9	20353,9	21148,6
Fergana region	2643,6	2954,5	5539,1	8685,4	11040,0
Khorezmregion	1560,5	2175,9	3013,8	5032,0	5391,8
Tashkent city	9268,9	13573,7	26435,7	42458,1	50371,3

It is known that attracting domestic and foreign investment to the regions, the establishment of joint ventures with foreign partners will create the basis for the production of new competitive products, job creation and improving the welfare of the population.

**CONCLUSIONS AND SUGGESTIONS**

The rapid population growth in the countries bordering the southern region, the growing demand for food, industrial and construction products, necessitates the effective placement of investments. In our opinion, positive results can be achieved in the future by implementing the following measures in this area:

First, to invest in high-tech industries such as light and food industries, machinery, electronics, pharmaceuticals, construction materials, which have broad opportunities and prospects in the region;

Secondly, it is necessary to expand the investment climate through a high level of development of infrastructure, information and communication, electricity, gas and water supply, transport networks in rural areas, facilitating the process of obtaining permits, registration;

Third, to intensify investment attraction through the development of labor-intensive and science-intensive industries, secondary and tertiary processing of raw materials, taking into account the geographical, socio-economic relative superiority of the region;

Fourth, active development of investment resources on the basis of interregional joint projects, effective use of existing potential resources in the regions, unused or vacant space and production facilities;

Fifth, it is necessary to create a favorable investment climate by coordinating the factors affecting investment in terms of improving the network system of the region;

Sixth, requires further improvement of the organizational and economic mechanism, which is compatible with market relations and includes private and public forms of investment;

Seventh, to increase the effectiveness of regional programs to attract domestic and foreign investment in the region's economy, to develop the concept of "Industrial Development in the region" aimed at increasing investment attractiveness;

Eighth, it is necessary to use the opportunity to attract foreign investment to the region's economy through the sale of securities of public and private enterprises operating in the region in international securities markets;

Ninth, it will be necessary to strengthen the incentive functions of taxes and subsidies within the system of regulating investment activities.

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