

**CURRENT STATE OF IMPACT OF FOREIGN INVESTMENT ON THE
QUALITY OF ECONOMIC GROWTH OF THE COUNTRY AND
REGIONS IN UZBEKISTAN**

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ABSTRACT

Structural restructuring of the national economy, modernization of the economy and increasing the efficiency of diversification processes largely depend on the share of foreign investment in the economy. With this in mind, this article analyzes ways to improve the investment climate to attract foreign investment.

KEYWORDS: *Investment Potential, Small Business, Private Entrepreneurship, Economic Growth, Attractiveness of Investments, Investment Projects, Complex Mechanism.*

INTRODUCTION

At the current stage of development of the world economy, it is becoming increasingly important to develop the features of economic policy that will contribute to the socio-economic development of the regions and their radical implementation in real life. Therefore, the President of the Republic of Uzbekistan Sh. Mirziyoyev's "Strategy of the New Uzbekistan" states: "For the development of the economy it is necessary to develop a comprehensive and balanced socio-economic development of regions, districts and cities, the effective and optimal use of their potential" [1]. After all, without achieving sustainable development indicators in the regions, the very idea of raising the level of our national economy and ensuring its level of competitiveness is logically ineffective. Therefore, in the current period of development and against the background of deep reforms, a comprehensive analysis of the socio-economic development of the regions of the republic is becoming more important than ever in making important and rational economic decisions. In order to introduce a single mechanism for assessing the economic and investment potential of the country and other comparative advantages of the regions, the Presidential Decree No. PP-4702 of May 1, 2020 "On the introduction of a rating system for socio-economic

development of regions" [2] introduced a rating system of socio-economic development of the regions on the basis of statistical indicators and the results of surveys. This, in turn, serves as a practical solution to the problem of analyzing the indicators of socio-economic development of the regions of the republic. This research work to some extent serves to ensure the implementation of the above tasks.

Review of the literature on the research topic (analysis)

Among the Western economists who have studied the impact of investment on the quality of economic growth are: J.Schumpeter [3], J.Keynes [4], R.K.Harrod [5], F.Agiyon [6] and others.

The impact of investment on the quality of economic growth, the principles of its state support and some of its methodological aspects were studied by Russian scientists R.A.Nuriev [7], N.I.Ivanova [8], S.A. Smolyak [9], and others.

Among the economists of our country are H.P.Abulkasimov, A.V.Vahabov, T.T.Juraev, A.O.Olmasov, A.V.Vohobov, S.V.Chepel, R.R. Hasanov, Sh.G.Yuldashev, F.T.Egamberdiev [10] and others.

ANALYSIS AND RESULTS

In the context of globalization, the competition in world markets is intensifying, and in the struggle for foreign capital, primarily in the form of foreign direct investment, the country is trying to make effective use of existing opportunities and advantages. The systemic measures taken in recent years to create a favorable investment and business environment, expand the scope of foreign investment, ensure the stability of legislation, develop small business and private entrepreneurship, and gradually improve the investment climate are a necessary factor in increasing investment in our economy. As the President of the Republic of Uzbekistan Sh.M.Mirziyoev noted: "In order to attract foreign investment, we must take measures to fully demonstrate the investment potential of our country. If we can carefully formulate investment projects by regions and sectors for investors seeking to invest in our economy, we can achieve a positive result in this regard "[11].

According to foreign scholars such as Van Lu (1977) [12], E. Borenstein and H. Degregorio, foreign investment stimulates economic growth through the development of technology and human capital. According to a study by H. San (1992) and J. Shan (2002) [13], foreign direct investment (FDI) emphasizes the importance of increasing exports to the recipient country's economy.

During the years of independence, the Republic of Uzbekistan has created a system of legal guarantees to increase the attractiveness of investments, which are currently being improved. The Laws of the Republic of Uzbekistan "On Investment Activity", "On Foreign Investments", "On Protection of Interests and Rights of Foreign Investors and their Guarantees", "On Guarantees of Freedom of Entrepreneurship" and others are the basis for legal regulation of investment. Also, the President of the Republic of Uzbekistan "On additional measures to encourage foreign direct investment", "On additional measures to ensure the rapid development of entrepreneurial activity, comprehensive protection of private property and improving the quality of the business environment", "Special mention should be made of the Decrees of the Cabinet of Ministers of the Republic of Uzbekistan "On measures to improve the process of attracting and disbursement of foreign investments and loans", the Resolution of the Cabinet of Ministers of the Republic of Uzbekistan "On measures to improve the process of attracting and disbursement of foreign investments and loans".

An in-depth analysis of the development path of our country, the sharp changes in the world market today and the growing competition in the context of globalization require the development and implementation of a completely new approach and principles for more stable and rapid development of our country.

Since 2017, a new stage in the development of national legislation has begun, characterized by increasing emphasis on the attractiveness of the investment climate, the formation of the basic conditions for doing business in it. In particular, the Decree of the President of the Republic of Uzbekistan dated October 5, 2016 No. PF-4848 "On additional measures to ensure the rapid development of entrepreneurial activity, comprehensive protection of private property and improving the quality of the business environment" Resolution No. 2750 was announced. In order to implement the provisions of the Decree, the Comprehensive Program of Measures was approved, which provides for the implementation of 42 specific measures in five priority areas for the accelerated development of entrepreneurship, comprehensive protection of private property and improving the quality of the business environment.

In accordance with the Decree of the President of the Republic of Uzbekistan dated August 1, 2018 No PF-5495 "On measures to radically improve the investment climate in the Republic of Uzbekistan", the following benefits are created for foreign investors in the country:

- Reduction of the minimum share of foreign investment in the charter capital of enterprises with foreign investment from 30% to 15%;
- abolition of the requirement that a foreign legal entity be a participant in an enterprise with foreign investment;
- Reduction of the minimum charter capital of enterprises with foreign investment from 600 million soums to 400 million soums;
- Reducing the state fee for state registration of enterprises with foreign investment by three times;
- It was approved to set the minimum amount of the charter capital of joint-stock companies at 400 million soums.

Acquisition of shares and stakes of business entities in the amount of not less than 8,500 times the minimum wage established in the Republic of Uzbekistan at the time of investment, as well as obtaining multiple three-year visas for foreign citizens and stateless persons investing in the Republic of Uzbekistan; the right to extend its validity indefinitely without the need to leave the territory of the Republic of Uzbekistan”[14].

Based on the tasks set by the Action Strategy to further improve global economic cooperation, radically expand cooperation with leading international and foreign financial institutions, continue to implement well-thought-out foreign debt policy measures, rational use of foreign investment and loans; The Investment Portal of Uzbekistan has been established.

The legislative system to improve the investment climate in the Republic of Uzbekistan is being improved. The Law of the Republic of Uzbekistan “On Investment Activity” adopted by the Legislative Chamber on June 26, 2018 introduced a number of amendments and additions to the legislation of the Republic of Uzbekistan. This new law is a completely new mechanism for attracting investment to the real sector of the economy in Uzbekistan, the formation of projects. According to the law, public investment programs are called state development programs of the Republic of Uzbekistan. State development programs of the Republic of Uzbekistan are a set of interdependent measures approved by President of the

Republic of Uzbekistan aimed at implementing the main priorities for the long term and tasks for the structural transformation of certain sectors and regions of the economy through the rational use of mineral resources, financial, material, labor and other resources.

According to experts, the adoption of these regulations has significantly improved the legal environment for investment activities in the country.

Today, the State Investment Committee has submitted a draft "Concept of the Investment Code." Adoption of the Code will improve the investment climate in the economy in the following areas:

1. Transition from direct state regulation of investment relations to a system of monitoring, support and incentives for entities.
2. Reduction of interference in the activities of investment entities by public and economic administration bodies and their officials.
3. Legislation eliminates existing shortcomings and conflicts in this area.
4. Strengthening investor support will result in more efficient and expeditious consideration of their applications.
5. The violated rights and legitimate interests of investors, regardless of their ethnicity, will be protected in a timely manner. ”

Summarizing the above, it can be concluded that the policy of improving the economic system by attracting investment flows into the national economy is consistent with changes in the socio-economic life of the state, the measures taken by the state should be implemented as soon as possible. It is necessary to create a complex mechanism.

CONCLUSIONS AND RECOMMENDATIONS

According to research, in order to improve the quality of economic growth in Uzbekistan, increase the efficiency of investments and the competitiveness of the national economy, it is necessary to focus on the following tasks, gradually adopting a flexible strategy from the modernization of the real sector in the distribution of financial and investment resources:

- Modernization of the country's institutions and management methodology, the formation of new state institutions for the development of industrial small business (2017-2021, Phase 1);
- Development of the financial system and approaching the economy to the world average in terms of monetization and energy capacity (2021-2025, Phase 2);
- Development of the national innovation system along with improving the quality of education (2025-2035, Phase 3);
- Pay special attention to the development of modern production in the current (5th) and future (6th) stages of the technological system, a sharp increase in labor productivity and full employment (2030-2040, Phase 4);
- High-speed implementation of green economy and Sunni intellectual principles and standards (after 2040).

On the basis of this strategy, the development of the economy in Uzbekistan, ensuring the growth of the country's GDP in the forecast period from 6.5-7.1% to 7-8%, the share of investment in GDP from 27-28% to 28-30%, energy efficiency from 4 to 11.0-12.0 dol / k.g.n.e. and increase the return on capital from 3.5-4.0 soums / soum to 4.5-5.0 soums /

soum. At the same time, it is necessary to increase the efficiency index of state institutions from 1.9-2.1 to 3.5-3.7 and reduce the share of external migration from 20-25% to 5-7% of the total labor resources.

In the initial period of this strategy, it is advisable for the state to focus its activities in the following areas:

- Improving the quality of management in large state-owned companies and corporations as a factor in improving energy efficiency;
- Ensuring the strengthening of discipline in the contracts between enterprises to increase their savings capacity, which is a source of investment in future development;
- Ensuring the inviolability of private property, which is an important tool for improving the investment climate.
- In the next stages (2021-2025), the role of the state should be focused on the following areas:
- Development of free competition and competitive markets that promote resource conservation;
- formation of a modern financial market together with stock markets through modernization of the financial system.

In the next stages, in order for the Republic to reach the level of developed countries in terms of investment indicators and business environment, the state must focus on major national infrastructure projects, the national innovation system and the creation of other conditions. At the same time, the state should provide conditions for improving the quality of the educational process in the system of higher education, increasing the competitiveness of personnel, which is an important indicator of the quality of human capital.

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