

**THE ROLE OF INVESTMENTS IN THE DEVELOPMENT OF
UZBEKISTAN AND THE ATTRACTIVENESS OF THEIR ATTRACTION**

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ABSTRACT

This article discusses the system of incentives and financial and economic incentives for foreign investors and to ensure the direction of foreign direct investment in the manufacturing sector, in particular, in industries with high export potential. The socio-economic development of the country, the achievement of sustainable economic growth, the increase in incomes of the population, the improvement of living conditions largely depend on the size and composition of investments in various sectors and branches of the national economy.

KEYWORDS: *Investment, System, Bank, Foreign Investor, Economics, Guarantee, Credit.*

INTRODUCTION

The socio-economic development of the country, the achievement of sustainable economic growth, the increase in incomes of the population, the improvement of living conditions largely depend on the size and composition of investments in various sectors and branches of the national economy. Therefore, the priority of the socio-economic development strategy of each country will inevitably be the creation of an attractive environment for attracting investment in the national economy.

For Uzbekistan, which aims to bring the socio-economic development of the country to a high level of economic development in the near future, it is important to study the investment attractiveness of the country, develop proposals and recommendations for increasing investment through domestic capital resources and foreign investment and loans.

Daily contribution to our lives investor, investments the concepts of activity are general. So what are they?

First of all, let's define the essence and content of "investment", the most important element of investment activity. The word "investment" comes from the English word "investments", which means "capital investment".

Investments (capital) - characterize the transfer of funds for a certain period of time in entrepreneurial and other activities (objects) in order to generate income or profit.

It should be noted that at the present stage of development of the world community, no country can achieve socio-economic development without investment.

Countries that do not have the opportunity to attract investment resources to their national economy in a timely manner, experiencing a shortage of funds, lag far behind the countries of the world in terms of socio-economic development. The solution lies in attracting capital resources from developed countries with a surplus of funds to the economies of developing countries.

So, what problems can be solved with the help of investments?

First, the construction of new enterprises that will be in demand in the domestic market - the production of import-substituting products, will create new jobs.

Second, the expansion of production and the prospective development of enterprises operating in the country complement the volume of private capital of national enterprises.

Thirdly, a technological renewal will take place in the national economy, new machines and modern equipment will be introduced into national industrial production, as a result of which national products will be produced that can compete on the world market.

Fourth, it will be possible to implement promising projects at the expense of loans from national producers.

Fifth, integration of the national economy into the world economy;

So, since investment is an important factor in economic growth, whether at the macro level (national economy) or at the micro level (enterprise level), the question arises of what national manufacturing entities should do to attract them.

To attract investment in the economic activities of national producers at the enterprise level, the following activities should be carried out.

First, have a well-thought-out and forward-looking business plan. Investors always want to know that their investment will pay off in the future.

Second, investors finance investment projects only to those enterprises they trust. Investments in underground and dubious enterprises are tantamount to lost profits, so the economic rating of national enterprises in terms of financial and economic activities should be high.

Thirdly, they must act transparently and openly. To do this, accounting documents must correspond to the level of demand for them, and the final results of the financial and economic activities of the enterprise must be brought to the attention of members of the public through the media.

In addition to the above, it should be noted that investors' investments in the national economy largely depend not only on the rating of enterprises or the results of economic activity, but also depends on the geopolitical position of the country and the domestic policy pursued by the state. Investors choose the most stable countries for capital investment.

That is why all countries of the world are trying to do everything possible to minimize investment risk. Like all countries of the world, our country is doing a lot to increase the attractiveness of the investment climate in the national economy.

Reasonable questions arise whether there are conditions in Uzbekistan for attracting foreign investors.

Of course have. Especially:

- Political stability in the country;
- Formation of a legal framework for the protection of private property and competition;
- Construction of infrastructure to support the investment process;
- Convenient geographical location of the country;
- High potential for the development of the agro-industrial complex and the richness of the mineral resource base of the country;

- Availability of highly qualified labor resources;
- Sufficient breadth of the domestic market for trading.

The system of incentives and financial and economic incentives for foreign investors is an important factor in investment attractiveness. This will ensure the direction of foreign direct investment in the manufacturing sector, in particular, in industries with high export potential.

At the same time, one of the important directions for attracting foreign investment in the national economy is the formation of special economic zones. Navoi, Jizzakh, Angren, Gijduvan, Kokand, Urgut, Khazarasp free economic zones have been created in our country, which are functioning effectively today.

So, do the results of the investment policy pursued in our country affect the volume of investments in the national economy?

If we pay attention to changes in the volume and structure of capital investments in the country's economy over the first decade of economic development after the first decade of the 21st century, we can see a sharp increase in investments and an improvement in their quality.

The volume of investments in fixed assets in 2017 amounted to 15,338.7 billion soums. By sources of financing - 49% of the funds of enterprises and individuals, bank loans and other loans - 9.7%, foreign investments and loans - 28.3%, the state budget - 5.6% and extra-budgetary funds (Fund for Reconstruction and Development, including reclamation of irrigated lands) 7.4%.

According to the data of 2020, the volume of investments in fixed assets increased 4 times compared to 2017 and amounted to 60,719.2 billion soums. In terms of sources of financing, the share of enterprises and individuals accounted for 43.9%, bank loans and other loans 11.0%, foreign investments and loans 26.9%, the state budget 5.5% and extra-budgetary funds (recovery and development fund, in including the Children's Sports Development Fund) - 12.7%.

The above analysis shows that the conditions created for foreign investors, in particular the timely formation of the regulatory framework, led to an increase in foreign investment in 2020 by almost 3 times compared to 2017.

It should be noted that a significant share of foreign direct investment in the development of the country's economy is a positive factor. This is due to the fact that investors direct capital into the country's economy without state guarantees indicates that they have assumed all the risks (risks) that may arise as a result of activities in the national economy. The fact that 76% of all foreign investments in 2017 accounted for direct investments once again indicates that a favorable investment climate has been created in our country.

In this regard, it should be noted that the volume of savings generated in the domestic economy of the country depends on the volume of GDP and consumption. The practice of foreign countries, in particular the newly industrialized countries, Hong Kong, Singapore, South Korea, Taiwan, shows that the share of investments in the country's economy during the period of economic growth above 10% is 35-40% of gross domestic product (GDP), their significant volume is for domestic investment.

In a word, during this period, all the citizens of the country, from the citizens of the country to the national economy, found it necessary to "tighten their belts", that is, to reduce consumption and contribute to an increase in the share of savings.

So, can the volume of investment in the Uzbek economy today ensure sustainable economic growth?

In 2020, the share of investments in fixed assets amounted to 24.4% of GDP. It should be noted that this figure is higher than the average share of investments in the world.

However, since our country has set itself the strategic goals of socio-economic development, in order to achieve them, it will be necessary to increase investments in the national economy.

This can be done, firstly, by increasing the volume of domestic investment, and secondly, by attracting foreign investment into the national economy.

As noted above, the amount of savings generated in the domestic economy is limited by GDP and consumption.

In order to increase the volume of investment in the national economy on the basis of domestic investment, the following work should be done:

- Improvement of the existing mechanism in the national economy for converting funds into investments;
- Attracting free cash from commercial banks in national or foreign currency and providing them to enterprises in the form of loans;
- Attraction of funds collected by the population in the investment process through the Tashkent Stock Exchange, etc.

Obviously, a more intensive attraction of domestic investment in the national economy requires a step to improve the mechanism for attracting capital resources to the country's economy, that is, it will take some time. An alternative factor to domestic investment in increasing the volume of investment in the national economy is only foreign investment and credit facilities;

Therefore, today it is necessary to study and analyze all available resources and reserves associated with attracting foreign investment in the national economy, to work to improve the mechanism for attracting foreign capital to national enterprises.

In conclusion, a positive solution to the above issues will serve to increase the volume of domestic and foreign investment in the national economy, ensure sustainable economic growth, and ultimately increase the level of development of our country, improve the well-being of our people.

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