



The Peerian Journal

Open Access | Peer Reviewed

Volume 14, January, 2023.

Website: www.peerianjournal.com

ISSN (E): 2788-0303

Email: editor@peerianjournal.com

Issues of Developing Economic Development, Improving the Business Environment and Investment Attractiveness

Khamrakulova Gulnozaxon Faxriddin qizi

Assistant teacher, Department of “Banking”, Tashkent Institute of Finance, Tashkent city,
Uzbekistan. E-mail: gulnoza8455@gmail.com

Abstract. This article examines the essence of investment attractiveness, the opinions of economists about increasing investment attractiveness in attracting foreign direct investments. Also, the factors influencing the investment attractiveness of our country were analyzed, and internationally recognized indicators assessing the country’s business environment and the level of investment risks were discussed. Scientific conclusions and recommendations on increasing investment attractiveness in attracting foreign direct investments have been formulated.

Keywords: investment, investment climate, investment attractiveness, Beri – (Business Environment Risk Intelligence) index, indicator, foreign direct investment, recipient, donor, business, segment, progression, investment potential.

1. Introduction.

Let’s not compare the economy of any developed country, first of all, as a result of the healthiness of the investment environment, its attractiveness, we can witness that the trends related to the country’s economy are achieving progressive results through the rapid influx of investments.

At the stage of globalization and technological armament in the world today, the role of investment flow in the interpretation of the combination of economic development is of great importance. In order to attract foreign investments through the position of the recipient countries, the investment potential created in the country, the modern infrastructure, the socio-economic policy of improving the investment environment, in particular foreign they focus on the unhindered entry of companies, the inviolability of private property, the establishment of special economic and small industrial zones in the country to direct their own capital as a business entity, and the availability of tax and other financial incentives.

The President of the Republic of Uzbekistan, Sh. M. Mirziyoyev, in his address to the Oliy Majlis on December 29, 2020, stated that “Economic growth is achieved primarily by creating competitive industrial chains and increasing investments in such projects [1]” those who insisted. Currently, large-scale changes and structural reforms are being carried out in all sectors of the economy of Uzbekistan. The implementation of such reforms directly depends on the investment process in the country, the state’s investment policy, its priorities, and the investment activity of



The Peerian Journal

Open Access | Peer Reviewed

Volume 14, January, 2023.

Website: www.peerianjournal.com

ISSN (E): 2788-0303

Email: editor@peerianjournal.com

enterprises in the country.

2. Literature review.

Regarding the concept of “investment environment”, many foreign and domestic scientists have given definitions, among them, according to the opinion of famous economists M. Glagoleva and S. Belogura, “Investment environment of a country or region and certain attractiveness of financial investments the factors that determine the level are a generalization of the description of the political, social, economic and legal conditions of the state [2]”. In this opinion, the implementation of investment processes, the general concept of the investment environment is explained, and it is expressed that there are various factors that determine the investment environment.

Investment attractiveness is a set of characteristics that allow a potential investor to assess how attractive a certain investment object is compared to others for the purpose of investing available funds [3].

An increase in investment attractiveness helps the company’s effective operation, development and growth in the conditions of modern competition [4].

The investment process in economically developed countries depends on the influence of the market situation, the sources of investment financing and the size [5].

In our opinion, it is necessary to take into account the possibilities of the region aimed at increasing the investment attractiveness in ensuring investment attractiveness and rationally using the investment potential, accelerating investment activities aimed at innovative renewal of the socio-economic structure, increasing the level of diversification of funding sources of regional research and attracting innovative investments [6].

One of the important tasks of joint-stock companies in our republic, regardless of the field of activity, is to deploy additional financial resources, including attracting foreign investments. One of the most modern methods of attracting investments to joint-stock companies is the use of the IPO mechanism [7].

The main factor affecting the country’s investment climate, in short, ensuring investment inflow, is the investment infrastructure. Infrastructure can serve a specific purpose, be of different types and sizes. The lack of adequate infrastructure for foreign investment will not fail to have a significant impact on the volume of inward investment [8].

3. Research methodology.

Economic research methods such as collecting data on the country’s investment attractiveness and increasing it, analyzing the collected data in the form of tables and infographics, synthesizing, and logical reasoning were widely used.

4. Analysis and discussion of results.

Investment attractiveness is determined by the simultaneous influence of the country’s investment potential and the level of investment risk. Such indicators help to determine the appropriateness and attractiveness of investments. The level of investment risk is directly related



to the investment environment.

The investment environment is reflected at the macroeconomic level, that is, in the relationship between the investor and specific state bodies, economic entities. The investment environment is an objective situation for any specific time and includes a set of existing conditions for investing capital. But the investment environment is formed under the influence of the management activities of state bodies. Therefore, the state's investment policy is one of the most important factors. In this sense, each country has its own specific system of capital importation. The worse the level of the investment environment, the higher the investor determines his risk. The macroeconomic level of the investment environment can be described in the form of the following picture (Figure 1)

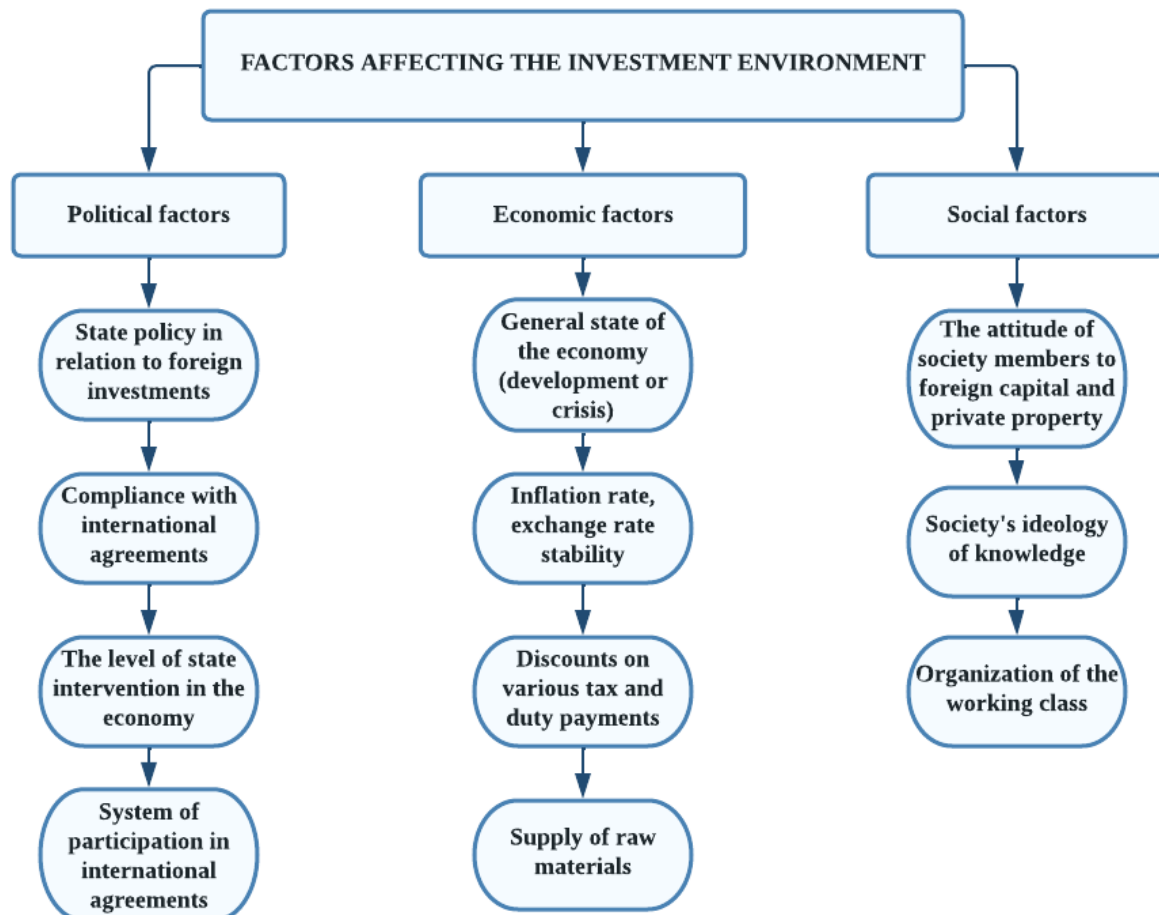


Figure 1. Factors affecting the country's investment environment [9]

In the above infographic, we can see that there are three largest segments that determine the investment attractiveness of Uzbekistan, and they are various factors that have the influence of



political, economic and social networks.

The stability of these factors not only serves as the basis of relations for investments in the position of a donor, but also increases the potential of the investor to direct his capital to the country's territory and industries. On the contrary, the worse the level of the investment environment, the higher the risk the investor sets.

Special attention was paid to the activation of attracting foreign investments in Uzbekistan, and in order to provide assistance and guarantees to investors, a system of certain benefits, conditions and guarantees was created in the fields of investment, tax system and customs payments. Also, most foreign investors use the BERI (business environment risk index) index to assess the attractiveness of the region for foreign investments. This index is determined by 15 main indicators, ranging from 0 to 4 points. The optimal aspects of the index are that it will be possible to find out how the economic, social and political structure of the regions works. Figure 2 below shows the evaluation criteria based on their importance for making investment decisions.

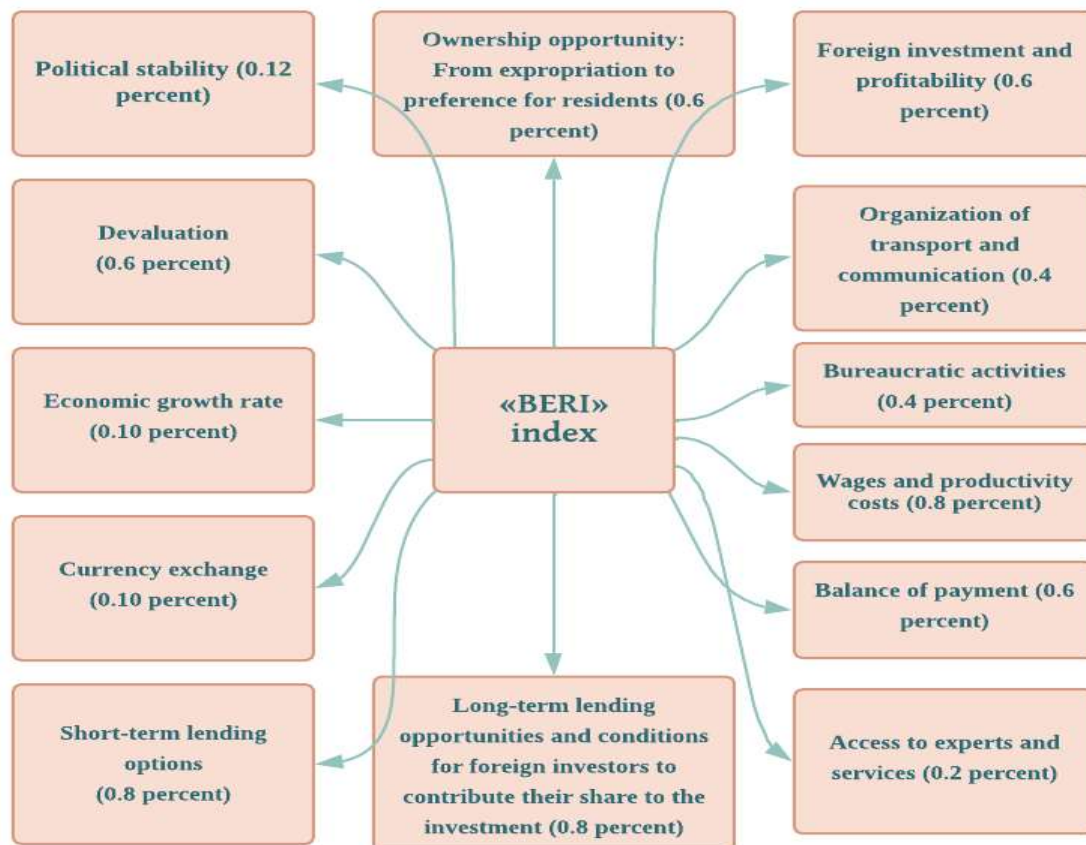


Figure 2. “BERI” index for assessing the attractiveness of the territory for foreign investments [10]

In the infographic above, the BERI (Business Environment Risk Information) index is based



The Peerian Journal

Open Access | Peer Reviewed

Volume 14, January, 2023.

Website: www.peerianjournal.com

ISSN (E): 2788-0303

Email: editor@peerianjournal.com

on 15 criteria for assessing the country's investment environment of different sizes, each criterion being scored from 0 (correct does not come) is rated up to 4 (very convenient). A high score indicates a stable country. The lower the country's score, the higher the intended return on investment must be, otherwise the investment will not be effective. At this point, political stability (0.12 percent) is the most important among the indicators included in the "BERI" index.

Taking into account that the issue of investment in our country has not lost its relevance in the last 5 years, as a result of the analysis of investments in fixed capital, we can see that growth rates have been recorded from year to year.

Table 1
Investments in fixed capital by regions [11] growth rate %

Areas	2020	2021	2022
Republic of Uzbekistan	95,6	102,9	105,0
Republic of Karakalpakstan	69,9	105,1	118,9
Andijan	110,6	106,0	114,6
Bukhara	104,7	147,4	98,5
Jizzakh	147,4	72,4	106,9
Kashkadarya	76,5	77,8	96,0
Navoi	77,1	86,0	105,9
Namangan	88,0	100,5	102,0
Samarkand	128,8	98,7	122,5
Surkhandarya	77,4	109,7	100,6
Syrdarya	111,2	107,7	127,6
Tashkent	92,2	120,3	102,4
Ferghana	113,5	105,7	112,4
Khorezm	92,7	139,3	108,7
Tashkent city	108,6	105,0	97,6

It can be seen from the data of the above table that the growth rate of investments in fixed capital is given in the form of percentage. Compared to 2020-2021, the growth rate in 2022 is 105.0 percent, which, in turn, indicates that investments in fixed capital in Uzbekistan have a growing trend and a favorable investment environment.

In the case of such an investment, the further increase in growth rates is determined by the creation of a favorable environment for investors, the total economic, legal, political and social conditions that affect the dynamics and structure of investment.

It is known that the role of foreign direct investments in the stabilization of the economy of



our country is incomparable. At this point, we can see the countries with the highest share in the volume of foreign investment absorbed in Uzbekistan (Figure 3).

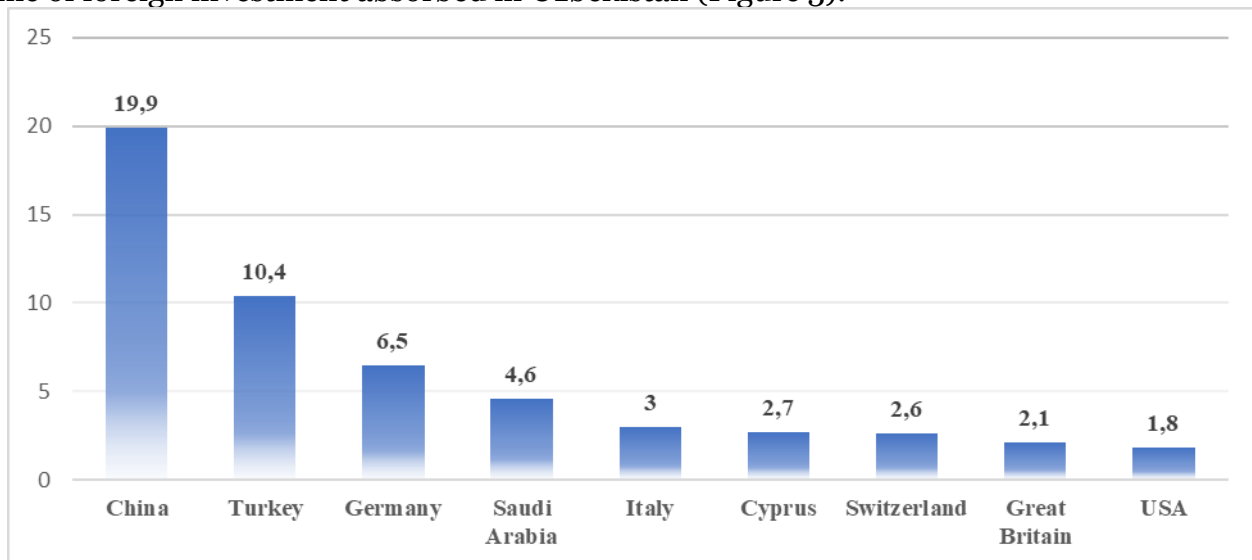


Figure 3. The share of foreign countries in the volume of foreign investments in Uzbekistan (in percent) [12]

The volume of investments in fixed capital in Uzbekistan is 190 trillion. amounted to soums. According to the data of the State Statistics Committee, the total amount of foreign investments and loans allocated to fixed capital is 72 trillion. was recorded in the amount of soums [13]. The figures in the above figure prove that among the investor countries with the highest share in the total amount of foreign investment and loans, Russia took the first place with 21 percent. We can see this indicator in the rest of the countries, including China 19.9%, Turkey 10.4%, Germany 6.5%, Saudi Arabia 4.6%, Italy 3%, Cyprus 2.7%, Switzerland accounts for 2.6 percent, Great Britain 2.1 percent, and the United States (United States) 1.8 percent.

5. Conclusions and suggestions.

Over the past few years, Uzbekistan has undergone rapid economic transformation and is increasingly seen in the international community as a symbol of openness, renewal and determination to overcome various barriers to business and investment. The state of the investment environment is an important process not only for the investor, but also for the recipient of the investment.

Based on the above analysis and discussion, we agreed to formulate the following proposals and recommendations:

- To improve the investment environment in Uzbekistan and strengthen its image in the world arena;
- Creating a favorable business environment for attracting investments and ensuring openness of information;



The Peerian Journal

Open Access | Peer Reviewed

Volume 14, January, 2023.

Website: www.peerianjournal.com

ISSN (E): 2788-0303

Email: editor@peerianjournal.com

➤ To strengthen the protection of investors rights, to improve the development of production and sales relations between local companies and foreign investors, and to improve trade logistics;

➤ It would be appropriate if the actions such as increasing the role of state bodies in the formation of a business environment and a favorable investment environment are carried out.

Based on the scientific suggestions and recommendations given above, their deep study, analysis and practical implementation will give results in the near future. Also, by creating a favorable investment environment in the country, it has a positive effect on further increasing the investment attractiveness of the state and further improving the business environment.

Literatura/Reference:

1. Address of the President of the Republic of Uzbekistan Shavkat Mirziyoyev to the Oliy Majlis (December 29, 2020)
2. Glagolev P., Belogur S. (1997) Investment space in Russia // Russian investment bulletin. No. 3. from 15.
3. Yurii A.Rolik. A Complex Approach to Evaluating the Innovation Strategy of a Company to Determine its Investment Attractiveness. // Procedia – Social and Behavioral Sciences, Volume 99, 6 November.
4. Volik Olga Andreevna, Solntseva Oksana Glebovna, Tsunaeva Yuliya Olegovna. "THE INCREASE IN INVESTMENT ATTRACTIVENESS OF COMMERCIAL ENTERPRISES" // Vestnik universiteti №6, 2018. – st.6; https://www.researchgate.net/publication/326715628_THE_INCREASE_IN_INVESTMENT_ATTRACTIVENESS_OF_COMMERCIAL_ENTERPRISES/link/5b606191a6fdccfob2038113/download
5. Svitlana Gutkevych. Investment Attractiveness of Industries: Features and Trends.// Baltic Journal of Economic Studies, vol. 5, № 3, 2019. – P.9; https://www.researchgate.net/publication/334967088_INVESTMENT_ATTRACTIVENESS_OF_INDUSTRIES_FEATURES_AND_TRENDS/link/5d4822524585153e593d6592/download
6. Nodir Jumaev. "Ways to attract investment with assessment of investment potential of the regions" International Journal of Economics, Commerce and Management United Kingdom Vol. VII, Issue 2, February 2019 Licensed under Creative Common Page 664, ISSN 2348 0386 <https://www.researchgate.net/publication/331231655>
7. Shomirov Aziz. "The role of ipo mechanisms in attracting investments to joint stock companies: necessity and prospects", International Finance and Accounting: Vol. 2021: Iss. 1, Article 19.
8. Omonov S., Ochilov B. INCREASING INVESTMENT ATTRACTIVENESS IN ATTRACTING DIRECT FOREIGN INVESTMENT //International Finance and Accounting. – 2021. – T. 2021. – №. 2. – C. 26.
9. Ergasheva Sh., Uzokov A. Organization and financing of investments - T.: Economy-Finance, 2008. p. 37.



The Peerian Journal

Open Access | Peer Reviewed

Volume 14, January, 2023.

Website: www.peerianjournal.com

ISSN (E): 2788-0303

Email: editor@peerianjournal.com

10. Nasirov E.I., Asamkhodjayeva Sh.Sh. Financing of investment projects. Textbook. - T.: Iqtisod-moliya, 2020. Freely prepared by the author using the information shown on pages 80-81.
11. Prepared by the author based on information from the official website of the State Statistics Committee of the Republic of Uzbekistan – www.stat.uz
12. Prepared by the author based on information from the official website of the Central Securities Depository of the Republic of Uzbekistan – www.deponet.uz
13. Prepared by the author based on information from the official website of the State Statistics Committee of the Republic of Uzbekistan – www.stat.uz