



The Role And Importance Of Investments In The Development Of The National Economy

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Abstract. The article discloses the content and forms of attracting foreign investment and its role in the development of the economy of Uzbekistan, as well as formulates recommendations and proposals for increasing the attractiveness of the investment environment and actively attracting foreign investment.

Key words: investments, foreign investment, fixed capital, investment environment, foreign direct investment, incentives, gross domestic product, enterprise with foreign investment.

Introduction. Investments play an important role in the economic development of any country. Attracting investments of foreign investors and effective use of domestic investments will help to activate investment processes, introduce modern technologies, use advanced and foreign experiences, further develop small business and private entrepreneurship, and increase the investment potential of regions. As the President of the Republic of Uzbekistan, Sh. Mirziyoyev, noted, "World experience shows that any country that has pursued an active investment policy has achieved stable growth of its economy. That's why investment is the driver of the economy, the heart of the economy in Uzbek terms, it's no exaggeration." [1]. In fact, investments, including foreign investments, as a driver, are manifested in the acceleration of economic and technological development, the renewal and modernization of production facilities, and the adoption of advanced methods of production management. From this point of view, activation of attracting foreign investments is one of the urgent tasks of today.

Analysis of literature on the topic. US scientists William F. Sharpe, Gordon J. Alexander, Jeffery W. Bailey [2] In his scientific work, the problems in the investment process, including the issues of attracting and financing investments through the stock market, were thoroughly researched. The investment environment is disclosed through securities, stock market and financial intermediaries. Particular attention is paid to the importance of the role of institutional investors in the investment process, and the ways of attracting foreign investments and their effective use are covered based on the stock market.

Russian economist-scientists M. Suleymanov and A. Mikhin [3] in his opinion, one of the important conditions of economic development is high investment activity. Such a result is achieved by attracting and effectively utilizing investments in priority sectors of material production and social sphere. Foreign direct investment plays an important role in this. The monograph describes the current issues of the participation of foreign capital in the modernization of the country's economy and the implementation of socio-economic programs, as well as modern concepts of



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improving the investment environment. According to N. Liventsev [4], regardless of the level of economic development, any country tries to attract foreign investments, and in attracting them, macroeconomic factors, including the size of the domestic market, currency policy, political stability, the level of infrastructure development, and the skills of the workforce are important. takes place. In his research, the international movement of capital, the specific features of the investment policy of foreign countries in this regard are covered.

In the scientific works of A. Vakhobov, Sh. Khajibakiev and N. Muminov [5], the content, types, forms of their attraction, role in economic development, international movement of foreign investments, attraction of investments in free economic zones were researched.

In the study guide published by L.Zoirov, E.Nasirov, N.Khanova, Sh.Asamoxdjaeva [6], the objective necessity of attracting foreign investments to the economy of Uzbekistan, forms, conditions created for foreign investors, ways of state regulation of foreign investments, issues that are important instead of free economic zones in attracting foreign investments are revealed.

Research methodology. The methods of analysis, induction, deduction, correlation, systematic and complex approach were used to cover this topic.

Analysis and discussion of results. Investments play an important role in the establishment and development of fixed capital, and this importance comes from the structural structure of investments. In turn, the structural structure of investments represents their technological, reproduction and network and territorial structure [7].

The technological structure of investments refers to the structure of the costs spent on the construction of a certain object and its share in the total estimated value according to their types of costs, that is, the technological structure means how much (share) of the total investment is for construction and installation, how much is for the purchase and installation of machines and equipment, and how much is the project - indicates mobilization for search and other expenses. The technological structure of investments has a great impact on their effective use. Essentially, the technological structure of investments means the ratio of expenses spent on asset and passive elements of the main production funds of the enterprise being established in the future.

A high share of machinery and equipment, i.e., an increase in the asset part of the main production funds of the enterprise being established in the future, creates an opportunity to increase production capacity, which, in turn, reduces the cost of investments per product unit. Economic efficiency is achieved by increasing the level of automation and mechanization of labor and reducing fixed costs per product unit.

The reproduction structure of investments also significantly affects their effective use. The reproduction structure of investments implies the ratio and distribution of the main production funds to the total estimated value according to the forms of reproduction. In this case, it is possible to determine how much of the investment is directed to new construction, how much to technical rearmament and repair of existing production, and how much to expansion and modernization of existing production.

The improvement of the structure of re-production will be related to the increase in the volume of investments aimed at the technical rearmament and repair of the current production. Theory and practice confirm that technical rearmament and repair of production is more profitable than the



implementation of new construction (times for commissioning of additional production facilities are shortened, etc.).

During 2010-2019, investments in fixed capital increased almost 12 times and amounted to 195927.3 billion. amounted to soum [8]. In 2019, the share of fixed capital investments in the country's GDP was 38.3 percent, and this indicator has increased significantly compared to previous years. In our opinion, it is appropriate to use a correlation analysis to analyze the correlation between the volume of capital investments and their share in the country's GDP, based on the information in Table 1 below. To do this, we determine the connection between X and Y signs and its strength using the following formula: [9]

$$R_{xy} = \frac{\sum (X_i - \bar{X})(Y_i - \bar{Y})}{\sqrt{\sum (X_i - \bar{X})^2 \sum (Y_i - \bar{Y})^2}}$$

Based on the data in Table 1, we find the correlation coefficient between the volume of investments in fixed capital and their share in the country's GDP:

$$R_{xy} = \frac{\sum (X_i - \bar{X})(Y_i - \bar{Y})}{\sqrt{\sum (X_i - \bar{X})^2 \sum (Y_i - \bar{Y})^2}} = 0,9768$$

Table 1

Capitalized investments and change in their share in the country's GDP [10]

Years	Investments in fixed capital, bln. in sum X	The share of investments in fixed capital in the gross domestic product of the country, in percentage terms Y
2010	16463,7	22,2
2011	19500,0	20,1
2012	24455,3	20,3
2013	30490,1	21,1
2014	37646,2	21,3
2015	44810,4	21,3
2016	51232,0	21,1
2017	72155,2	23,9
2018	124231,3	30,6
2019	195927,3	38,3

Hence, the correlation coefficient, i.e. $R = 0.9768$. This indicator shows that the degree of connection between the volume of investments in fixed capital and their share in the country's GDP is very strong and correctly proportional. Therefore, as one of the important factors in increasing



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the share of investments in fixed capital in the volume of GDP, it is necessary to focus on increasing investment volumes, actively attracting foreign investments and effective use of domestic investments.

The role and characteristics of investments in the development of the country's economy are equally applicable to foreign investments. Foreign investment refers to material and intangible assets and rights to them, including rights to intellectual property objects, as well as reinvestments [11], which are invested by a foreign investor in objects of the social sphere, entrepreneurship, scientific and other types of activities. It can be seen from this that foreign investments are money (foreign currency, loans, shares, shares, shares and other securities), movable and immovable property and rights to them, and intellectual property objects and rights related to them, received from investments, entrepreneurship activities and any income included in the objects of other types of activities. At the same time, it has its own characteristics. In particular, foreign investment refers to the outflow of capital from one economy to another, with the goal of placing wealth on more profitable terms and ensuring the flow of funds for a relatively long time before the investment returns to the foreigner - the owner of the capital. They are characterized by drifting, escaping, that is, moving between countries. From a legal point of view, they replace their national legal conditions with the legal conditions of the host country. Foreign investment essentially replaces one's own national investment environment with another environment. In addition to safety, profitability, capitalization and liquidity, an important characteristic of foreign investment is the pursuit of specific goals. The economy that attracts their attention also strives to achieve its goals. These goals can be tasks related to efficiency, production growth, penetration into foreign markets. Therefore, compatibility of mutual interests, reliable relations, taking into account the conditions of penetration are the basis of the migration of investments from one country to another.

Foreign investment is the tying of the capital of one economic entity to another, which is characterized by its own additional risks, changes in legal conditions, and the investment environment, resulting in capital migration across countries and regions. All this makes it an objective necessity to create a more favorable environment than the investment environment in the capital exporting country. Inflows of foreign investment, while bringing many assets, increase tax, rent and other revenues in the capital importing country. These circumstances indicate that the active attraction of foreign investments to the national economy is one of the urgent tasks.

According to international experience [12] and current national legislation, foreign investments are attracted and implemented in the country's economy in the following forms: [13]

- establishment of legal entities or participation in their authorized funds (authorized capital) in a shared manner, including by purchasing property and shares (shares);
- Acquisition of securities issued by residents of the Republic of Uzbekistan, including debt obligations;
- obtaining concessions, including obtaining concessions on the search, development, extraction or use of natural resources, as well as participation in agreements on product distribution;
- property rights, including property rights to intellectual property objects, copyrights, patents, trademarks, utility models, industrial designs, company names and know-how, business reputation (goodwill), as well as property rights to trade and service sector objects acquisition together with the plots of land on which they are located;



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- obtaining the right to own and use land plots (including ownership and use on the basis of lease) and other natural resources;
- conclusion of international leasing agreements;
- organization of free economic zones and small industrial zones.

However, in recent years, it has become increasingly difficult to attract foreign investment around the world. According to the report of the United Nations Conference on Trade and Development (UNCTAD), in 2018, the investment flow in the world decreased by 19%. At the same time, a positive increase in the volume of direct foreign investment in developing countries was observed in Asia, its volume increased by 5%. At the same time, the growth of foreign investments in the countries of Central Asia was 8-10 percent on average, while in the Republic of Uzbekistan this indicator was 3.2 percent compared to the same period of 2018 (2.9 billion US dollars, of which the fixed capital - 1.6 billion US dollars) equaled (9.3 billion US dollars, of which 6.6 billion US dollars for fixed capital) and Uzbekistan provided leadership in terms of growth rates among Central Asian countries.

However, efforts to attract foreign direct investments to the economy of Uzbekistan are not at the level of demand, and the high rates of economic growth and the satisfaction of the growing demand for investment resources are not compatible with each other. For example, in 2019, the volume of foreign direct investments attracted to Uzbekistan was 4.2 billion. amounted to US dollars. According to UNCTAD, in 2019, the volume of foreign direct investments attracted in the USA amounted to 251 billion, in the People's Republic of China 140 billion, in Singapore 110 billion, in the Russian Federation 33 billion. In 2019, the volume of foreign direct investments attracted to Central Asia (Kazakhstan, Uzbekistan, Tajikistan, Turkmenistan, Kyrgyzstan) was 37.6 billion. Uzbekistan accounts for only 11.2% of the US dollar. Such a situation shows that attracting foreign investments to the regions of our country is in an unsatisfactory state, and it is necessary to develop appropriate measures in this regard.

Conclusions and suggestions. The role of investments in the development of the economy is mainly characterized by the following: establishment of fixed assets, repair and expansion of existing enterprises, the main factor of technical rearmament of enterprises; problems of a social nature (construction of housing, educational institutions, health care, cultural facilities) will be eliminated; the economic development of the country's regions is regulated; modern technology and advanced management practices are mastered, etc.

The degree of correlation between the volume of investments in fixed capital and their share in the country's GDP is very strong and correctly proportional, and as one of the important factors in increasing the share of investments in fixed capital in the volume of GDP, the main attention should be paid to increasing investment volumes, actively attracting foreign investments and domestic investments. it is necessary to focus on effective use.

In order to actively attract foreign investments to the regions of our country, it is appropriate to pay special attention to the following:

- on the basis of foreign investments, it is necessary to bring modern equipment and establish modern competitive production enterprises;



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- it is necessary to increase the share of foreign direct investments in the operating free economic zones and small industrial zones;
- it is necessary to attract foreign investments, taking into account the specific characteristics of the regions of our country;
- it is necessary to create the necessary conditions for the open economy, healthy competition, and the fundamental improvement of the business and investment environment;
- it is necessary to ensure high economic growth by modernizing and diversifying the economy at the expense of foreign investments, increasing labor productivity;
- fight against the "hidden" economy, sharply reduce its size, consistently continue the policy of currency liberalization, place business entities in free economic zones and small industrial zones, organize and legally regulate the granting of privileges and preferences to them, produce exportable products, innovate and it is necessary to create opportunities for entrepreneurs and foreign investors who have established high-tech production, to create a favorable investment environment by attracting foreign investments in the field of scientific developments and "know-how";
- in order to actively attract foreign investors, it is appropriate to organize international investment forums that demonstrate the investment potential of Uzbekistan.

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