



THE NEED AND ECONOMIC BASIS FOR ATTRACTING FOREIGN DIRECT INVESTMENT IN THE TERRITORY'S ECONOMY

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A B S T R A C T	K E Y W O R D S
The article describes the concept of investments and foreign investments. The advantages of direct import of foreign investments for the host region are shown. The impact of foreign direct and portfolio investment on the region's economy has been studied. Decisive factors have been identified for making positive decisions about foreign investment in the region.	Investments, foreign investments, direct foreign investments, region economy, investor, investiture resources

Introduction

The current stage of the development of the economy of Uzbekistan is characterized by the fact that the main part of the functions of active development of Regions and management of economic processes are taking place at the level of Regions. In turn, in the regions, investigation is calling for the organization of processes and the improvement of the principles of its operation. The importance of research on the problems of regional coordination of investment activities is that the management of investments is an important lever for the structural restructuring of the production and social potential of Uzbekistan, improving its efficiency, maintaining practical economic policy. The most important task of the territorial economy in this regard at present is to study, substantiate and coordinate new methods and forms of regional regulation of investment activities on the basis of suitable objective laws of market economy.

Investing resources in the area's economy is a complex process, as it requires strategic mobilization of all potentially available investiture resource opportunities, including foreign investments. Foreign capital brings with it the development of the territory's economy, including the growth of employment in it, high wages and an increase in labor productivity, in addition, a large economic effect in the manifestations of the development and modernization of the Real sector. The strategic plan for the use of foreign capital investments – eliminates economic backwardness in a number of important sectors of the economy and is one of the effective methods of integration of the national economy into the world economy.

In the re – editing of the law "on investment activities", adopted on December 24, 1998, the following definition is given to investment: "material and intangible benefits and rights to them, which are included in the objects of investment and economic and other activities".

Article 3 of the law of the Republic of Uzbekistan "on foreign investments" recognizes that "foreign investors are mainly foreign investments in the territory of the Republic of Uzbekistan, including rights to intellectual property, all kinds of material and intangible assets that they add to entrepreneurial activity and other objects of activity that are not prohibited by law in order to obtain income (profit)." In our opinion, foreign investments are all property, financial, intellectual assets that foreign investors mobilize in entrepreneurial and other spheres of activity of a completely different state economy in order to obtain a high level of income, achieve effect. Foreign investments are based on an external source of financing, in contrast to domestic investments. They are attracted to the national economy from abroad, encouraged their arrival.

"In general, foreign direct investments and high-tech recruitment, management skills make certain changes to the production methods of national firms. In terms of modernizing the economy, it is necessary to stimulate the flow of foreign direct investment, without which high technologies are not carried out. The acquisition of technology itself is expensive and often impossible for most developing countries and countries of transition economies. Foreign direct investments can increase the set of high technologies available in domestic firms. It is also important to adapt new technologies in the local environment." An analytical approach to the definition of "foreign investments" allows this concept to be characterized in the following interpretation: foreign investments are foreign capital of various forms and manifestations, both short-term and long-term, which are withdrawn from one country in order to achieve a positive socio-economic effect and are included in the activities of economic subjects on its territory.

The economic scientific and educational literature lists most classifications of foreign investment. In our eyes, it is necessary to pay more attention to the classification of foreign investments by the following signs:

- investment depending on the form of ownership of resources;
- depending on the object of investment of foreign investments.

In this case, first of all, it is necessary to clearly consider the difference between foreign investments in the form of private and public property.

Applies to public investments (in international practice-official) :

- Loan issued on condition of non-return by international financial institutions and foreign government, state organizations, subsidies and loans (including preferential);
- International Monetary Fund (IMF), World Bank, etc. Moving these funds internationally forms intergovernmental agreements. Diagonal relationships can form when a consortium of private banks makes investments in states;
- loans of foreign commercial banks guaranteed at the state level;
- subsidized and preferential loans, taking place from official sources - "official support for development" - on a bilateral or multilateral basis, are directed, as usual, from the industrialized countries of the world to the countries of the transition economy and developing countries mainly for the non-productive sphere;
- private (non – state) investments-private firms, companies or citizens of one country give to other state entities respectively. In this case, loans from commercial banks, Manufacturers, Exporters, various intermediaries are not duly guaranteed at the state level.

Investment relations are highly complex and diverse, as relations between private individuals and most inter-state relations are closely related. It is impossible to analyze the development trends of

foreign investiture activities without identifying the objects of placing foreign investments. Forms of foreign investment are classified as follows:

- direct foreign investment – direct capital investment in industrial, commercial, service enterprises;
- portfolio (or financial) investment-foreign capital placed in financial markets, national States and Private Securities Markets;
- other types of foreign investments-international loans provided by foreign countries, loans from international financial organizations and loan capital debts of trade and industrial corporations, banks and other financial institutions, trade loans, bank deposits.

As a classic form of implementation of foreign investments, transnational companies with full control of foreign branches and subsidiary companies can be cited. According to the conclusions of foreign researchers, more than 100 thousand branch complexes of more than 37 thousand transnational companies covered almost the entire planet. It is a kind of economically stable and dynamic economic system of planetary type, that is, concentrated in one third of planetary production funds, produces about 40% of the total planetary gross product, carries out more than half of the foreign trade turnover, more than 80% of the trade in new technologies and controls more than 90% of capital production.

One common method of foreign investment is the establishment of joint ventures and the conclusion of contracts between companies. The creation of joint ventures gives partners opportunities to identify risks in investment, achieve savings in the scale of production, use of partner sales networks, etc. But the participation of foreign investors with their contributions does not give them the right to complete management of the project and the enterprise. Foreign direct investments increase the value of the authorized capital of the enterprise and create changes in the ownership structure.

Foreign direct investments consist of capital resources and intangible assets. First of all, one should pay attention to the following aspects of them: they should be equity in the form of shares, a foreign investor should have purchased a share of the firm located in this country (not less than 10% of the authorized capital); have a reinvestable income; debts within the branch should be acquired between the general companies and its branches.

Important elements of foreign direct investment are intangible assets, introduced technologies, trademarks (Brands), management experience, etc. It is intangible assets that make it possible to distinguish one company or another. Direct and portfolio investments are of different nature and have different effects on the economy of the region that receives it. The penetration of foreign direct investment for the receiving area has the following advantages:

- acceleration of economic and scientific and technical progress;
- having a sustainable funding source;
- renovation and modernization of production funds;
- penetration of technologies, management skills, trademarks, patents and licenses;
- diversification of exports;
- the emergence of advantages for skilled labor in industries with a high share of added value;
- expansion of relations with foreign markets;
- increased competitiveness of the economy of the host region;
- training of personnel who meet the requirements of a market economy.

In addition to foreign direct investments, portfolio investments also have different effects on the economy of the receiving area. This can be observed in their following comparative description:

- foreign direct investments give investors control rights, while portfolio investments do not;

- if direct investments allow the company to have only 10 percent or more share of authorized capital, the portfolio represents the right to carry out an investment relationship with investments having less than 10 percent share;
- direct investments are long-term investments, while portfolio investments are short-term;
- at the same time, the peculiarity of the development trends of the world capital market is that most institutional investors hold long-term assets in foreign companies without the right to control, in this respect, the difference between direct and portfolio investments is almost imperceptible..

If the first is an impetus for investors to expand the possibilities of transferring and introducing technologies into the domestic market, the second will provoke the development of the domestic market of the host country. Portfolio investments at first appear to have a somewhat strong macroeconomic effect in determining financial sector liquidity and valuation dynamics in assets. On the contrary, direct investments at the microeconomic level will help to change the production structure in the resistant region:

- the portfolio has a more destabilizing description, although its final result depends on the policies of the subsidiary companies when investments are compared directly to investments. But direct investments can increase the balance of payments deficit of the recipient region, such as portfolio investments, when the share in profits is mostly withdrawn abroad. This assumes an increase in foreign exchange risks in the balancing of assets and liabilities in various currencies, such as direct investments, portfolio investments and bank debts. Thus, although material assets remain in receiving countries, a transnational company can transfer its financial resources to other countries;
- relatively short-term investments for foreign portfolio Capitals are typical, although they have higher liquidity than direct investments. Real put portfolio investments leave the resistant region after an average of 4-5 years, while direct investments leave after 8 years;
- in direct investments, intangible assets are also included, which are not typical for portfolio investments.

Investition the main participants in the processes are foreign investors. The general definition of a foreign investor includes a sufficiently wide range of subjects, covering their legal cases that differ from each other. The current law of the Republic of Uzbekistan "on foreign investments" distinguishes the following categories of entities as foreign investors:-

- foreign legal entities;
- foreign organizations that are not legal entities;
- foreign individuals, that is, permanent residents of a foreign country, foreign citizens and stateless persons;
- Persons who live outside the Republic of Uzbekistan but are citizens of the same country;
- international organizations;
- foreign countries.

As a conclusion to the research of foreign investments, it should be said that today no general concept has been developed that describes in detail the process of foreign investments. For an Investor, first of all, it is important to choose the right region for investments. In the context of economic growth in Uzbekistan, the most promising method in this regard is "going after the investor", this method is based on the analysis of the benefits given to investors who have invested their capital in Uzbekistan and are operating today. This method, as an analysis of the complex conditions of investment created

in Uzbekistan, provides them with information necessary and sufficient for making management decisions in investment. The Investor will be able to draw conclusions about risk factors, depending on the behavior of several investors who have made another investment, taking into account all the risk factors in full.

As long as it is the regions that are considered consumers of Investiture funds, the following are the decisive factors when making positive decisions by the investor about making specific foreign investments in the territory of the country:

- capital policy on the relations of the local government of the resistant area to foreign investments;
- geographical position of investment receiving areas;
- savings in transportation costs and customs duties;
- stability of the amount of profit at the expense of various games in individual sectors, countries, territories, scientific and technical policies of the government and trade policy regimes, currency, tax legislation, economic conjuncture;
- taking into account the level of socio-economic development of the regions receiving investments;
- striving to obtain a higher profit norm due to the use of differences in production costs at the national level;
- distribution and redistribution of the production of goods and services between foreign branches, depending on the state of economic conjuncture of individual states and territories;
- the introduction of technical, technological, managerial innovations, trademarks and others.

From the above, it can be concluded that foreign investments play an important role in the sustainable development of the investment process in Uzbekistan and its territories. Legal norms in the legislation of Uzbekistan are aimed at regulating foreign investments and the activities of foreign investors, but at the same time they also have a number of problems, misunderstandings that arise in the processes of implementation of investment projects. This can be explained by the fact that the processes of structural reform in this system are continuing consistently. The main concept in the categorization of forms of foreign investment is considered portfolio and direct foreign investments, each of which has its own impact on the economic development of countries. Thus, the territory is considered a kind of important structural stage of attracting foreign capital for the state and enterprises, creating the need to choose the most effective forms of investment.

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