



THE ROLE OF INVESTMENT IN THE DEVELOPMENT OF THE ECONOMY OF THE REPUBLIC OF UZBEKISTAN

Ganiev Shakhridin Vakhidovich

Professor of the Institute "International School of Finance Technology and Science" LLC

Email: shahriddinganiyev65@gmail.com Tel.: +998971569765

Mamatov Bahadir Safaraliyevich

Professor of the Institute "International School of Finance Technology and Science" LLC

Email: bahadir_mamatov@mail.ru. Тел.: +99899-854-77-40

ABSTRACT

The article examines the theoretical foundations of investment and substantiates the role and necessity of investment in the development of the national economy. The main trends of investments in fixed assets by sources of financing, as well as the reproductive and technological structure of investments in fixed assets in the Republic of Uzbekistan in 2022 are analyzed. In conclusion, scientific conclusions were formulated and practical recommendations for the development of investment activities in the country were developed.

KEY WORDS

Investments, foreign
investments, capital
investments, financial
investments, social
investments, investments
in fixed assets,
investment project,
modernization,
infrastructure,
innovation, efficiency.

Introduction

Investments continue to be a key factor for economic development, and their relevance is undeniable.

1. Investments contribute to increased production, technological development and labor productivity, which ultimately contributes to economic growth. 2. Investments contribute to the financing and development of new technologies, which helps to increase production capacity and create more efficient production processes. 3. Investments contribute to the creation of new enterprises and the expansion of existing ones, which has a direct impact on the labor market and the standard of living of the population. 4. Investments make it possible to modernize infrastructure, including transport, energy, healthcare and education, which contributes to creating a favorable environment for business and improves the quality of life of citizens. 5. Investments play an important role in strengthening global competitiveness.

The modern economy requires constant renewal and innovation in order to remain competitive on the world stage. But, it should be noted that "global foreign direct investment decreased by 12% in 2022 to \$1.3 trillion" [1]. The decrease was mainly due to a decrease in financial flows and transactions in

developed countries. The actual investment trends were more positive, with an increase in applications for new investment projects in most regions and sectors.

"In 2022, foreign direct investment in developing countries increased by 4% to USD 916 billion, or more than 70% of global flows, which is a record share. The number of new investment projects announced in developing countries increased by 37%, and the number of international project financing transactions increased by 5%" [2]. This is a positive sign for investment prospects in industry and infrastructure.

LITERATURE REVIEW

The study of investments and their impact on the development of the economic system is one of the significant macroeconomic problems in economic theory.

In economics, issues related to the problem of investments have received quite wide coverage. The theoretical foundations were laid in the scientific research of J.M. Keynes [3], A. Marshall [4], V.Petty, A. Smith [5], D. Ricardo [6].

Domestic and foreign authors devoted their scientific works to the analysis of investments and problems of effective investment management: N.Blank [7], V.Bocharov [8], T.Kasyanenko, G.Makhovikova [9], L.Igonina [10], G.Podshivalenko, I.Lakhmetkina, V.Makarova [11], V.Kovalev, V.Ivanov, A.Lyalin [12] etc.

Russian scientists and economists: D.Gozibekov [13], D.Rustamova [14], G.Karimova [15], N.Karimov [16], R.Karlibaeva [17], S.Nasretdinov [18], Sh.Mustafakulov [19], Sh.Yuldashev [20] directly or indirectly explored this topic in their scientific works.

The purpose of the state policy in the investment sphere is to ensure economic growth in the interests of all subjects of the socio-economic system. Vital economic niches that are unattractive to private capital can be developed by attracting public investment. Temporarily or chronically unprofitable enterprises should be financed using the mechanism of "rehabilitation" of industries. According to P.C. Greenberg, Corresponding Member of the Russian Academy of Sciences, Director of the Institute of Economics of the Russian Academy of Sciences, "the state should actively support industries that have the potential to remain competitive at the global level. The state should provide direct subsidies, benefits, and other forms of state support" [21].

At the same time, the problems of investment research in the development of the economic system need further theoretical development. Thus, the existing scientific sources do not sufficiently reflect the possibilities of attracting and effectively using investments for socio-economic growth. The methodological foundations and tools of investment policy, the functional purpose of domestic and foreign (foreign) investments, their interrelationships and interdependencies remain undeveloped. Further analysis of the reasons preventing an increase in investment activity in the national economy is required.

RESEARCH METHODOLOG

Methods of grouping, comparative and economic analysis, induction and deduction, economic and statistical methods and expert assessment were widely used in the research.

ANALYSIS AND RESULTS

Investment is the process of investing funds (capital) to achieve a specific goal, such as generating income, capital growth, or ensuring future security.

In accordance with the law of the Republic of Uzbekistan "On Investments and investment activities", investments are defined as "tangible and intangible benefits and rights to them, including intellectual property rights, as well as reinvestments invested by an investor on risk-bearing terms in objects of the social sphere, entrepreneurial, scientific and other types of activities in order to obtain profits, which may include: funds, including cash (including foreign currency), target bank deposits, shares, shares, shares, bonds, promissory notes and other securities; movable and immovable property (buildings, structures, equipment, machinery and other tangible assets); intellectual property rights, including patented or non-patented (know-how) technical, technological, commercial and other knowledge in the form of technical documentation, skills and production experience necessary for the organization of a particular type of production, as well as other values not prohibited by the legislation of the Republic of Uzbekistan" [22]. Investments are investments in various types of assets in order to make a profit in the future.

The key aspects of the essence of investments are as follows:

1. Temporal aspect: Investments involve the movement of resources from the present to the future in order to achieve economic benefits. Thus, they have a temporal aspect, as resources are spent in the present in order to benefit in the future.
2. Expected return: Investing in investments involves the expectation of receiving a certain monetary benefit in the future in the form of income, interest, dividends or capital gains.
3. Risk: Investments are always associated with a certain level of risk. As a rule, the higher the expected return, the higher the risk of losing funds.
4. Long-term nature: investments are usually focused on the long term. They are aimed at creating a stable income stream in the future or at increasing capital over a long period of time.
5. Choosing alternatives: Making an investment decision involves choosing between alternative investment opportunities and determining the most profitable one.

There are several key theories that help explain the essence of investments, such as rational expectation theory, portfolio management theory, and cash flow theory: rational expectation theory – in accordance with this theory, investors make their decisions based on a rational assessment of the expected return and risk of an investment; portfolio management theory – this theory considers the investment selection process as drawing up an optimal investment portfolio that maximizes profitability at a certain level of risk; cash flow theory – approaches an investment decision from the point of view of evaluation cash flows that will be generated by the investment in the future.

Thus, investments are a fundamental concept in economics, and understanding them is a key element for making financial decisions. They transfer resources into the future in order to achieve income and capital growth, and their essence and theoretical aspects help us better understand their role in the economy.

To conduct investment activities, both at the macro and micro levels, it is necessary to have a detailed understanding of the existing types and types of investments. Investments by destination are divided into capital, financial and social (Fig. No. 1).

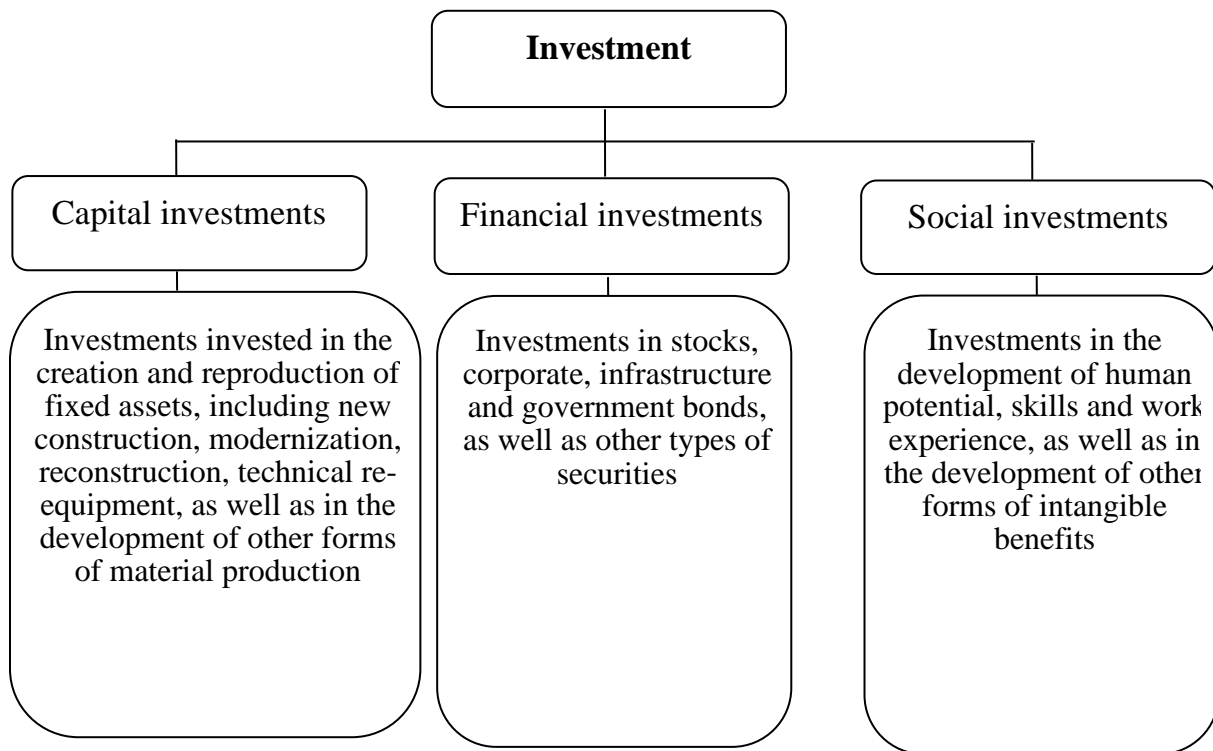


Figure No. 1. Types of investments by destination [23]

In the context of the development of the national economy, they act as an important incentive for growth and prosperity:

1. Stimulating economic growth: investments contribute to increased production, technological progress and the creation of new jobs. They can have an impact on key indicators such as GDP, employment and economic development.
 2. Infrastructure development: investments can be directed to the development of the transport network, energy, education, healthcare and other areas, which contributes to improving the efficiency and competitiveness of the economy.
 3. Attracting foreign capital: if there is a favorable investment environment and sustainable economic growth, the country can become attractive to foreign investors, which contributes to the expansion of capital flows.
 4. Creation of new jobs: investments stimulate the creation of new enterprises, the expansion of existing ones and, consequently, the growth of employment.
 5. Increased innovation activity: investments can be directed into innovative projects, contributing to support the development of new technologies and the improvement of existing production processes.
- Many countries are actively using investments to stimulate their economies. A classic example is China, which, thanks to an active investment climate, has managed to achieve impressive economic growth rates.

Attracting foreign investment is one of the most important mechanisms for stimulating economic growth and development. The role of investment, including foreign investment, in the development of the national economy is as follows:

1. Project financing and infrastructure development: Foreign investments provide additional financial resources for the implementation of major projects, such as the construction of infrastructure, energy facilities, or the development of production facilities.
2. Technological transfer and innovation: Foreign companies can contribute technological knowledge, best practices and innovative working methods, which contributes to improving production processes and increasing the competitiveness of the national economy.
3. Creating new jobs: Foreign investments contribute to business development and the creation of new jobs, which in turn helps to reduce unemployment and increase household incomes.
4. Development of international relations and economic network: the inflow of foreign investments contributes to the strengthening of international relations and the creation of new partnerships, which additionally contributes to the development of the economy.
5. Improving competitiveness and foreign trade balance: foreign investments contribute to the growth of production and export opportunities, which in turn contributes to improving the foreign trade balance and strengthening the country's position in the world market.

In the Republic of Uzbekistan, 269.9 trillion rubles were disbursed in 2022. the sum of investments in fixed assets and, compared with 2021, it amounted to 100.9%. 59.1%, or 159.6 trillion. The sum of investments in fixed assets was financed by borrowed funds, 40.9%, or 110.3 trillion. sum – at the expense of own funds of enterprises, organizations and the population. Also, their volume, mastered at the expense of centralized sources of financing, amounted to 41.5 trillion. sum, the remaining 228.4 trillion. The sums were mastered at the expense of non-centralized sources of financing (Fig. 2).

In order to conduct statistical analysis, investments in fixed assets are formed in the following main sections: by type of investment; technological, reproductive structure; types of economic activity; sources of financing.

In 2022, 84.5 trillion rubles were spent at the expense of enterprises and organizations' own funds. the sum of investments in fixed assets, or 31.3% of their total volume. At the expense of the population, 25.8 trillion of them were mastered. sum, or 9.5%. 37.0 trillion has been disbursed through foreign direct investment. sums, which, compared with the corresponding period of 2021, is 1.2 percentage points more, or 13.7% of their total volume.

At the same time, 21.1 trillion rubles were disbursed due to bank loans and other borrowed funds. sum (from the total volume of investments in fixed assets of 7.8% and this indicator, compared with the corresponding period of 2021, decreased by 0.2 percentage points).

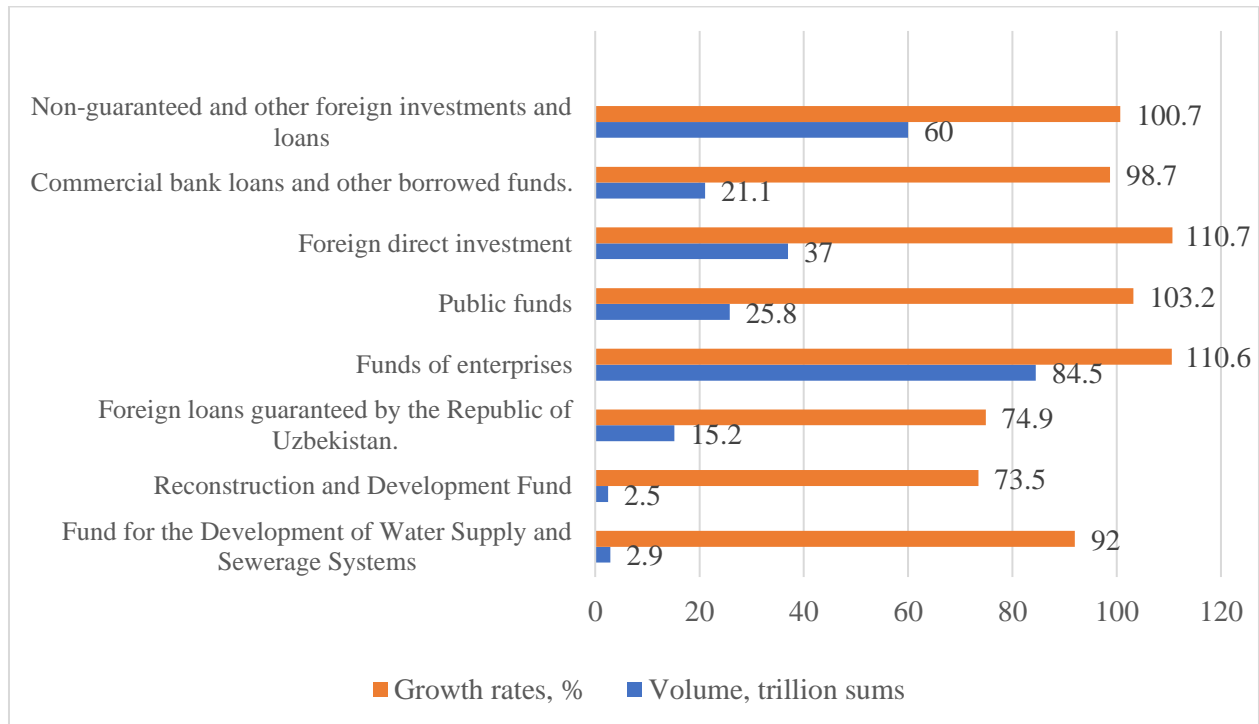


Fig. No. 2. Investments in fixed assets by sources of financing in 2022 in the Republic of Uzbekistan [24]

Foreign loans guaranteed by the Republic of Uzbekistan amounted to 15.2 trillion. sums (5.6% decreased by 2.0 percentage points), non-guaranteed and other foreign investments and loans - 60.0 trillion. sum (22.3 %). Reconstruction and Development Fund – 2.5 trillion. sums (0.9% decreased by 0.3 percentage points), the Republican budget – 20.9 trillion. sums (7.8% decreased by 1.4 percentage points), the Fund for the Development of Water Supply and Sewerage Systems – 2.9 trillion. sums (1.1% decreased by 0.1 percentage points) of their total volume. In the technological structure of investments in fixed assets in the Republic of Uzbekistan, 120.2 trillion was allocated for the purchase of machinery, equipment and inventory. sums, which amounted to 44.5% of their total volume, investments in construction and installation work reached 131.0 trillion. sum (share in the total volume of 48.6%), for other expenses – 18.7 trillion. sum (6.9%) (Fig. 3).

The highest share of construction and installation works in the total volume of investments in fixed assets was observed in Surkhandarya region - 66.7%, or 7.7 trillion soums. The lowest level of this indicator was recorded in the Syrdarya region – 22.7%, or 2.9 trillion soums. In the same area, the highest share of costs for the purchase of machinery, equipment and inventory was recorded – 75.8%, or 9.5 trillion soums.

Statistical accounting of investments in fixed assets is carried out in the amount of the actually mastered volume, regardless of the moment of its payment, in the actual prices of the reporting period, including value added tax.

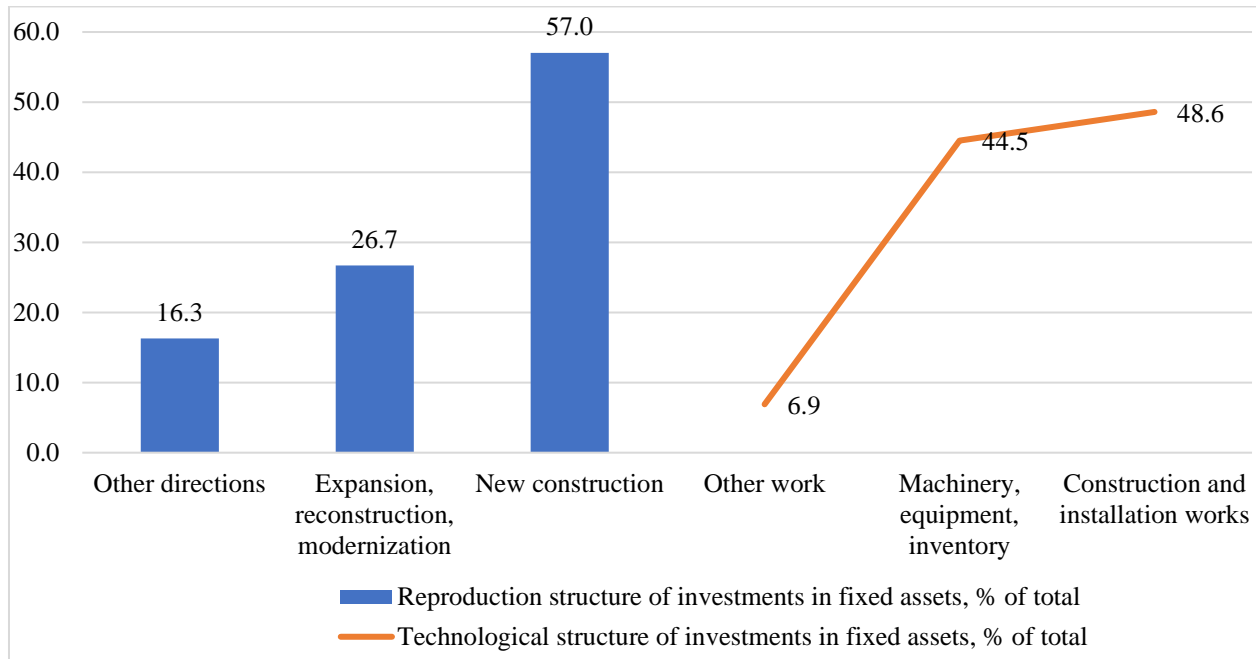


Fig. No. 3. Reproductive and technological structure of investments in fixed assets in the Republic of Uzbekistan in 2022 [25]

Investments in fixed assets financed by foreign direct investment amounted to 37.0 trillion. sum and, compared to the same period in 2021, 110.7%. Investments in fixed assets financed by foreign loans under the guarantee of the Republic of Uzbekistan amounted to 15.2 trillion. sum and, compared to the same period in 2021, 74.9%. Investments in fixed assets financed by non-guaranteed foreign loans and other investments amounted to 60.0 trillion. sum and, compared to the same period in 2021, 100.7%.

CONCLUSION

Investments are the most important source of financing for the development of the national economy. They contribute to the growth of production, increase the country's competitiveness in the world market and create a favorable economic environment for residents. Investments play a significant role in the functioning and development of the economy, and changes in the physical volume and quantitative ratios of investments have an impact on the volume of social production and employment, structural shifts in the economy, the development of industries and sectors of the economy.

Foreign investments play an important role in the development of the national economy, as they contribute to strengthening the financial base, developing technological capabilities and expanding international partnerships. Attracting foreign investment is a key tool for stimulating economic growth and development.

For the development of Uzbekistan's economy and the promotion of private foreign direct investment, Uzbekistan's cooperation with leading international financial organizations, primarily the International Monetary Fund, the International Bank for Reconstruction and Development, the European Bank for Reconstruction and Development and others, is important.

Within the framework of the main directions of development of investment relations in the conditions of transformation of the economic system, the main ways to improve the management of investment

projects include: the need for diagnosis and forecasting the development of the investment process, the importance of using expert assessments in solving complex analytical problems, the need to use stabilization measures in the implementation of investment projects.

The basis for overcoming the investment deficit in Uzbekistan is to ensure the active role of the state in the development of investment relations, primarily related to the lack of formation of market relations.

Based on international experience in attracting investments, while increasing the investment attractiveness of Uzbekistan, it is advisable to pay special attention to the following areas: in order to widely inform foreign investors about the economic and investment potential of the country, about the created conditions for doing business and organizing international investment forums, further reducing the minimum share of foreign investments in the authorized capital of joint ventures; strengthening Uzbekistan's position in international ratings and indexes, etc.).

REFERENCES

1. wir2023_Key_Messages_and_Executive_Summary_ru.pdf (unctad.org). Доклад о мировых инвестициях 2023.
2. wir2023_Key_Messages_and_Executive_Summary_ru.pdf (unctad.org).
3. Keynes J. M. The general theory of employment, interest and money. – M.: Publishing House AST. Per. eng. 2021. – 521 p.
4. Marshall A. Principles of economic science. – M.: General Director. Trans. S. eng. 2010. – 264 p.
5. A. Smith. A study on the nature and causes of the wealth of nations. – M: Eksmo, 2017. – 1056 p.
6. Petty V., Smith A., Ricardo D. Anthology of economic classics. – M.: Ekonov, Klyuch. Per. eng. 1993. – 478 p.
7. Blank I.A. Investment management, Textbook. – Kiev: Nika-Center: "Elga-N", 2001. – 448 p.
8. Bocharov V.V. Investments, Textbook for universities. 2nd edition. St. Petersburg: "Peter" 2009. – 384 p.
9. Kasyanenko T.G., Makhovikova G.A. Investments: studies. the manual. – M.: "Eksmo", 2009. – 240 p.
10. Igonina L.L. Investments: studies. manual. – M.: "Economist" 2005. – 478 p.
11. Podshivalenko P.G., Lakhmetkina N.I., Makarova M.V. Investments. – 3rd ed., reprint. and additional – M.: "KNORUS", 2006. - 200 p.
12. Kovalev V.V., Ivanov V.V., Lyalin V.A., Investments: Textbook. - M.: LLC "TK Welby", 2003. - 440 p.
13. Gozibekov D.G'. Problems of financing investments: a dissertation written to obtain the degree of Doctor of Economic Sciences. – Tashkent., 2002. – 330 p.
14. Rustamova D.D. The economics of erkinlashtiria has studied the conditions requiring investment on the basis of theory and sustainable development. I.F.N. Scientific Research Institute named after ezilgan dissertation abstracts. Tashkent, 2006. - 23 p.
15. Karimova G.A. National economic development is an investment aimed at improving financial mechanisms. Doctor of Philosophy Doctor of Philosophy science in the life of a scientist as well as his dissertation abstracts. - Tashkent.: 2019. - 28 p.

16. Karimov N.G. Foreign investments in the economy of the Republic of Uzbekistan and their financial support. Tashkent, 1998– 138 p.
17. Karlibaeva R.H. Investments related to the organization of these activities and financing: Uzakov kulanma. - Tashkent: "Lumber" 2011. - 124 p.
18. Nasretidinov S.S. National economy modernization investments foidalanishning nazarlari and samaradorligin oshirish julari. I.F.N. Scientific Research Institute named after ezilgan dissertation abstracts. - Tashkent: 2002. - 24 p.
19. Mustafakulov G.I. Uzbekistan invests in the environment, which is engaged in the reconciliation of science and technology, on the basis of its improvement. I.F.D. Scientific Research Institute named after ezilgan dissertation abstracts. - Tashkent.: 2017. - 68 b.
20. Yuldashev G.D. Foreign investment in Uzbekistan the national republic has repeatedly argued that the economy of Uzbekistan is a qualitative factor. Fenglari Economics PhD in Science as a jesilgan dissertation abstracts. - Tashkent: 2002. - 32 p.
21. Greenberg P.C. Where to go from success? // Native newspaper. 2006. November 15th. № 44(180).
22. ZRU-598-sleep on 12/25/2019. About investments and investment activities (lex.uz).
23. ZRU-598-sleep on 12/25/2019. About investments and investment activities (lex.uz).
24. investpressreliz250123ru.pdf
25. Investments in fixed assets (January-December 2022) (stat.uz).