

## Attracting Investments to the Real Sector

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**Annotation:** Ensuring comprehensive development of the country and in conducting scientific research on increasing the attractiveness of the investment environment, first of all, researching the potential of the country and its regions, evaluating them, classifying the influencing factors, economic-mathematical and econometric methods revealing through, as noted, is one of the tasks of this research. For this, it is important to analyze the experiences used in developed countries and which brought high results, to develop scientific-methodical and theoretical-practical proposals and recommendations for the implementation of successful methods and methods and factors on the scale of Uzbekistan and its regions.

**Key words:** investment climate, investment attractiveness, investment policy, foreign direct investment, innovative activity, investment project.

### Introduction

Improving the economy of our country, modern technology and establish new enterprises equipped with technologies attraction of foreign investments for reconstruction is crucial to do. This is primarily population employment, important social problems such as increasing its income provides a solution. For this reason, the enterprises that attract foreign investments to our country, economic and financial incentives, the necessary conditions for them raising creation at the level of state policy in every way is an acceptable way. Already, the leader of the country's economy implementation of structural changes in the economy without introducing foreign investments in sectors and industries, development technical and technological modernization of production, as well as launch the production of competitive products cannot be put.

The importance of foreign investments in the development of the national economy is explained by the following:

- introduction of modern techniques and technologies to local production is ensured;
- modern professions that are new to the economy of the republic will appear, additional and new jobs will be created, the number of jobs in the economy will increase, and the income of the population will increase;
- the ability to ensure the standard standard of living of the population and to meet their socio-economic needs increases;
- production of products intended for export expands. This, in turn, leads to an increase in foreign exchange earnings will come;
- production of import-substituting goods and services is launched (currency outflow is prevented);
- morally and physically of enterprises and organizations Outdated production facilities are decommissioned, the material and technical base is updated, resource productivity increases.

Taking this into account, further deepening of structural changes in our country, acceleration of investment activities of real sector enterprises, modernization of production, technical and technological rearmament in the implementation of programs, first of all, directly foreign priority is given to investments. For this, first of all, to ensure the attractiveness of the country's investment environment required.

According to the experience of developed countries, this is the attraction of foreign investments to the economy decisive for the high level of development of countries served as a factor.

Placement of investments and investments in the world the competition for attraction is fierce. One on the one hand, the development of transnational companies, and on the other hand, the activities related to the distribution and redistribution of markets in terms of resource ownership activation, thirdly, surrounding the world in the conditions of globalization high impact of the financial crisis, political situations Factors such as volatility play a role in investors' decisions is playing a role. An investor seeking a certain profit in the future sacrifices the appropriate part of his capital today. takes the risk associated with doing so. for this the situation of the investor in the international arena, investments economic and social trends occurring in the market it is required to analyze, follow the decisions taken by governments in the economic-financial, social-political spheres.

In recent years, in the conditions of the turbulent movement of the world markets, we often observe the very clear definition of the main growth factors, that is, the drivers, which can ensure economic growth in the advanced countries of the world. Undoubtedly, different governments have a diverse set of mechanisms and tools for economic growth in their arsenal. However, in our opinion, although there are various factors that can have a positive effect on economic growth, three innovative components: investments, innovations and marketing should be recognized as the main means of economic growth in Uzbekistan.

In practical life, in order for investors to make decisions related to the introduction of investments into the economy of a country, the conditions created by those countries for establishing and running a business, the socio-economic policy of those countries for the improvement of the investment environment , in particular, they pay attention to the establishment of free economic and special zones for foreign companies to enter and operate without any obstacles, and the availability of tax and other financial benefits. That is why many developed multinational companies, before making direct investments in the economy of a country, evaluate the country's investment environment using certain economic indicators, which are usually

### **Literature review**

Indicators of the net present value of the investment project and the internal rate of return in the formation of directions for increasing the attractiveness of the investment environment P.Samuelson[1], G.Alexander, Dj.Bailey[2], Lawrence Dj.Gitman, Michael D.Djonk[3] , K.R.Makconnell and S.L.Bruler[4] conducted research. The research carried out by these scientists did not take into account the uncertainty, danger and risk limits of investments distributed to sectors and enterprises in the improvement of the investment environment and can be seen in the works of scientists such as S.S.G'ulomov[5], B.Yu.Khodiev, Sh.Shodiev, B.B.Berkinov[6], Yo.Abdullaev[7], R.X.Alimov[8] B.T.Salimov[9], M.Mahmudov[10], D.M.Rasulev[11], B.O.Tursunov [12].

### **Research methodology**

Scientific knowledge, analysis and synthesis, comparison, economic-statistical analysis, expert assessment, abstraction, monographic observation, perspective methods were used in the research process.

### **Analysis and discussion of results**

In attracting foreign and national investments, the investment attractiveness created in the country and its regions, favorable investment environment and relative advantages of the regions play an

important role. Foreign investors pay special attention to the above factors. Different methods are used to determine the investment attractiveness of regions. Their difference is reflected in the selection of factors and indicators that determine the investment environment. According to the research of the scientists of our country, the investment attractiveness index of the regions is calculated on the basis of six elements, and the integral index is determined accordingly. According to the obtained data, the investment attractiveness of the regions can be divided into three groups: groups with a very good investment environment; groups with medium investment environment; groups with a very low level of investment climate. We can learn this from the following table (Table 1).

**Table 1. Elements of determining the investment attractiveness of regions[13]**

| No  | Areas                      | The general level of economic development of the region | Providing the region with financial resources | Investment infrastructure development level | Demographic description of the area | Institutional changes and level of development | Level of security of investment activity of the region | Absolute integral exponent |
|-----|----------------------------|---|---|---|-------------------------------------|--|--|----------------------------|
| 1.  | Republic of Karakalpakstan | 0.0064  | 0.121   | 0.085                                       | 0.222                               | 0.559  | 0.535  | 0.234                      |
| 2.  | Andijan                    | 0.341   | 0.151   | 0.276                                       | 0.426                               | 0.560  | 0.594  | 0.367                      |
| 3.  | Bukhara                    | 0.304   | 0.144   | 0.165                                       | 0.413                               | 0.509  | 0.511  | 0.315                      |
| 4.  | Jizzakh                    | 0.198   | 0.049   | 0.075                                       | 0.388                               | 0.496  | 0.506  | 0.151                      |
| 5.  | Kashkadarya                | 0.362   | 0.542   | 0.266                                       | 0.382                               | 0.370  | 0.386  | 0.382                      |
| 6.  | Navoi                      | 0.536   | 0.189   | 0.218                                       | 0.348                               | 0.348  | 0.439  | 0.338                      |
| 7.  | Namangan                   | 0.141   | 0.118   | 0.183                                       | 0.374                               | 0.531  | 0.554  | 0.285                      |
| 8.  | Samarkand                  | 0.181   | 0.234   | 0.154                                       | 0.401                               | 0.607  | 0.522  | 0.322                      |
| 9.  | Surkhandarya               | 0.150   | 0.101   | 0.104                                       | 0.324                               | 0.549  | 0.422  | 0.250                      |
| 10. | Syrdarya                   | 0.185   | 0.037   | 0.147                                       | 0.320                               | 0.317  | 0.723  | 0.247                      |
| 11. | Tashkent                   | 0.434   | 0.197   | 0.366                                       | 0.493                               | 0.611  | 0.362  | 0.404                      |
| 12. | Ferghana                   | 0.317   | 0.241   | 0.331                                       | 0.470                               | 0.289  | 0.573  | 0.347                      |
| 13. | Khorezm                    | 0.171   | 0.113   | 0.199                                       | 0.310                               | 0.529  | 0.535  | 0.284                      |
| 14. | Tashkent city              | 0.837   | 0.793   | 0.701                                       | 0.820                               | 0.580  | 0.845  | 0.755                      |

The first group includes the city of Tashkent, Tashkent, Kashkadarya, Andijan and Fergana regions and they are considered to have the most favorable investment opportunities for investors (index 0.755-0.347). The high level of investment attractiveness in these regions is determined by the natural socio-economic potential, infrastructure, including the level of development of transport and information and communication networks. The second group consists of Samarkand, Bukhara, Navoi and Namangan regions (index 0.322-0.288). These areas are determined by the interest of foreign investors in the operation of mining and processing enterprises.

The third group includes relatively less developed regions - Khorezm, Surkhandarya, Jizzakh, Syrdarya regions and the Republic of Karakalpakstan (0.284-0.234). The insufficient development of existing infrastructure in these regions compared to other regions, and the fact that the natural economic and investment environment is not at an excellent level, determines that the state's participation in attracting foreign investments to these regions should be high. In attracting foreign investors to the regions of the country, in addition to the investment attractiveness indicator of the regions, it is possible to determine the economic and investment potential of the region through several other indicators, which, first of all, are the creation of (general) regional legal bases for investment activities and implementation level, GNI of regions, entrepreneurship and business environment index, existing infrastructure and workforce skills in the regions, potential of natural

resources, etc. Every investor is also interested in whether there are any special concessions or additional reliefs given to the regions. The fact that the above indicators are at the required level in the regions serves as a guarantee for the investor.

Among the factors that attract foreign investors to the regions and improve the investment attractiveness of the regions and the investment environment, the following can be included:

- ✓ improvement of the existing legal field;
- ✓ creation and openness of a single database of investment information;
- ✓ level of regional management, lack of administrative barriers;
- ✓ acceptability of the tax and credit system;
- ✓ development of transport and communication infrastructure;
- ✓ openness of the economy;
- ✓ high reputation (image) of the region;
- ✓ high availability of banking and financial and insurance services;
- ✓ availability of territorial privilege and additional reliefs, etc.

Today, the volume of foreign investments in the regions of our country is increasing day by day, making a great contribution to the economic and social development of the regions and the country. Today, the coronavirus pandemic is still taking its toll on the world and is having a serious impact on these countries. In such a tense situation, the inflow of foreign investments into our republic has not decreased. The reasons for this are the rational economic and investment policy, favorable investment and natural potential, potential of qualified personnel, as well as the introduction of long-term strategic regional investment programs.

If we analyze by regions, as a result of the economic policy conducted in recent years, the flow of investments in all regions of our country is increasing year by year. Tashkent, Samarkand, Navoi, Fergana, Kashkadarya and Namangan regions, which are ahead in terms of regional development, have more capital investments than other regions. In recent years, large investment projects worth up to 5-7 billion US dollars have been launched in these regions. The main reasons for this are the development of the infrastructure, the existence of a favorable investment environment, qualified labor force, the rational distribution of production forces, as well as rich natural resources. If we take only Tashkent city and region, in the last two years, 2019, according to these regions, 42 trillion. and 20 trillion, 44 trillion in 2020. and 19 trillion. investments close to soums were made. Khorezm, Andijan, Syrdarya and Surkhandarya regions are the regions with less investments compared to other regions. 5 trillion to Khorezm region in 2019. more than 5.8 trillion soums were invested in Syrdarya region. soums, and 11.8 trillion to Surkhandarya. Soum investments have been made. In 2020, 8.7 trillion will go to Andijan region, 7.1 trillion to Syrdarya region, and 6.6 trillion to Khorezm region. capital investments amounting to soums have been included. These numbers have different growth trends every year, One of the reasons for this is the implementation of strategic investment projects in different regions in different years. For example, in 2014-2017, the commissioning of the Surgil gas-chemical complex, which is considered a major investment project in the Republic of Karakalpakstan, in 2019-2020, the commissioning of the complex based on the Kandim gas field in Bukhara, etc. In addition, the implementation of annual regional investment programs has a great influence on the change of these numbers. For this reason, it is not possible to say for sure that any region of the country attracts more or less investments, and it is always evaluated in a relative state. Because the level of socio-economic development of each region is unique, the amount of investments will also be similar. In recent years, we can see that the largest number of foreign investments have been made in the Republic of Karakalpakstan, Bukhara, Kashkadarya, Navoi regions and Tashkent. If we pay attention to the amount of foreign investments made in Bukhara region, in 2015, about 36% of the total investments in the region, 44% in 2018, and 53.9% and 49.5% in 2019 and 2020, respectively. Since Kashkadarya region is

one of the major industrialized regions in the field of fuel energy, a large amount of foreign investments are made to this region every year. We can see that 51 percent (2018), 70.3 percent (2019), 66.8 percent (2020) of foreign investments have been made to the region in recent years. A favorable investment environment created in our capital, excellent infrastructure opportunities, comprehensively created investment opportunities create the ground for a large amount of foreign investments to enter Tashkent. In 2015, 13 percent of foreign investments were made in Tashkent, compared to total investments, these figures were 36.7 percent in 2019, and 31.5 percent in 2020 [13].

Jizzakh, Syrdarya and Samarkand regions can be included among the regions of our country where relatively few foreign investments are attracted. These regions attract foreign investments in the amount of 3-10 percent compared to the total foreign investments made at the level of the republic. In these regions, the weight of local investors' investments compared to foreign investments is high (Table 2).

**Table 2. Structure of capital investments (foreign investments and loans) in the Republic of Uzbekistan by sources of financing in 2015-2021, in percent[14]**

| Areas                         | 2015        | 2016        | 2017        | 2018        | 2019        | 2020        | 2021        |
|-------------------------------|-------------|-------------|-------------|-------------|-------------|-------------|-------------|
| <b>Republic of Uzbekistan</b> | <b>18.5</b> | <b>20.7</b> | <b>23.8</b> | <b>24.3</b> | <b>43.6</b> | <b>42.7</b> | <b>42.7</b> |
| Republic of Karakalpakstan    | 48.2        | 44.6        | 10.0        | 23.7        | 36.9        | 38.9        | 38.2        |
| Andijan                       | 4.4         | 4.9         | 7.2         | 14.8        | 39.6        | 36.3        | 49.0        |
| Bukhara                       | 35.9        | 52.4        | 71.0        | 44.0        | 53.9        | 48.2        | 60.0        |
| Jizzakh                       | 2.9         | 7.3         | 10.8        | 8.7         | 48.8        | 61.9        | 28.9        |
| Kashkadarya                   | 17.6        | 27.5        | 18.0        | 51.1        | 70.3        | 69.3        | 55.9        |
| Navoi                         | 3.0         | 5.1         | 24.2        | 34.0        | 39.9        | 67.8        | 60.2        |
| Namangan                      | 21.9        | 22.6        | 31.6        | 33.5        | 45.8        | 37.2        | 32.6        |
| Samarkand                     | 4.0         | 2.2         | 2.8         | 4.7         | 27.8        | 27.0        | 31.8        |
| Surkhandarya                  | 10.4        | 9.8         | 11.5        | 21.4        | 66.3        | 60.1        | 44.1        |
| Syr Darya                     | 10.8        | 7.7         | 4.6         | 9.6         | 44.8        | 48.7        | 56.7        |
| Tashkent                      | 15.3        | 13.7        | 12.0        | 9.6         | 26.0        | 26.7        | 37.8        |
| Ferghana                      | 7.6         | 8.9         | 5.8         | 19.4        | 42.7        | 41.3        | 39.7        |
| Khorezm                       | 2.7         | 5.8         | 6.8         | 8.5         | 42.5        | 32.0        | 34.9        |
| Tashkent sh.                  | 13.0        | 16.4        | 18.1        | 15.1        | 36.7        | 29.9        | 39.6        |

The implementation of foreign investment projects is of great importance in the socio-economic development of regions. The advantages of this include:

- firstly, with the support of foreign investments, modern equipment and technologies are introduced to the enterprises, and the production of products intended for export is developed;
- secondly, to establish the production of products that replace imports, for this purpose, by directing foreign investments to the leading sectors of the economy, it will be possible to ultimately raise the standard of living of the population;
- thirdly, the development of small business and private entrepreneurship and the acceleration of agricultural production will increase the possibilities of providing jobs to the growing population;
- fourthly, outdated production facilities, material and technical base of enterprises will be updated and they will be technically rearmed;
- fifthly, enterprises processing natural resources will be established[15].

Based on the above, it is appropriate to set the following priorities for attracting foreign and local investments to the regions of our country:



- wide launch of propaganda and marketing activities aimed at showing the economic and social advantages and natural potential of the regions of our country to world investors;
- development and implementation of regional investment policy, taking into account the existing natural resource potential in the regions of the country. In this regard, Tashkent city, Tashkent, Samarkand, Fergana regions, which have high natural resources, economic and investment potential, have a strict investment policy with relatively few or general benefits, while the benefits are relatively low for regions such as Jizzakh, Syrdarya, Surkhandarya, Karakalpakstan. implementation of a more relaxed investment policy;
- introduction of special benefits in areas with high demand for labor force and areas with few jobs (for example, in Fergana, Namangan and Andijan regions, every job created due to the existence of imbalance between the large number of labor force and jobs giving benefits in lieu). Solving the above-mentioned problems and implementing measures will be a great impetus to the development of regions and, on this basis, the development of the national economy and its investment potential.

### **Conclusion and suggestions**

It is known that no country in the world has been able to achieve development and economic development without attracting foreign investments. That is why this work has become one of the priorities in the economic policy of our country. In the Republic of Uzbekistan, this policy is implemented based on the following principles:

- ✓ liberalization of foreign economic activity;
- ✓ formation of the legal basis, socio-economic and other conditions ensuring the attraction of capital funds to the republic's economy;
- ✓ regularly conducting an open door policy towards foreign investors who supply technologies that meet the requirements of world standards and help establish modern structures of the economy;
- ✓ spending funds on the most important priorities related to the development of competitive product production. In this regard, the existing legislation in our country provides a number of guarantees and privileges to foreign investors.

Recognizing the necessity of foreign investments in our economy, it is necessary to win the trust of foreign investors in the investment policy of the Republic of Uzbekistan, the rule of law, and most importantly, as a strong partner capable of solvency. To do this, we must create legal, social, economic and other necessary conditions for the wide involvement of foreign investments in our economy, mainly in the form of direct capital investments, support the establishment of joint ventures, as well as investors it is necessary to improve the protection of interests. Of course, every foreign investor investing in the country is attracted not only by its rich opportunities, but also:

- first of all, the stability of the social and political situation in the republic;
- clarity of economic development prospects;
- consistency of economic reforms carried out in the republic;
- due to the fact that the preferential terms of the laws on foreign investments are correctly defined, it arouses interest in them.

As we attract foreign investments, it will be difficult to solve the task of fundamentally changing the structure of the economy without mobilizing internal savings sources and without the enterprises themselves being engaged in active investment work. In the investment policy, the main focus should be on stimulating the search for funds for the expansion of production, restructuring and technical rearmament of enterprises.

As foreign investments are attracted to the country's economy, our main task is to use the investments from foreign countries, and we will achieve our goal only by turning the region that supplies raw materials into a country that produces finished products.

At the initial stage of reforms, the introduction of foreign investments into the national economy was assessed as the future of entrepreneurship. Based on the results of using this opportunity. Practical steps have been taken to ensure the solution of the specified events and tasks. A wide system of incentives for attracting investments was created based on predetermined principles in the implementation of measures to attract foreign investments.

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