

## The Peculiarity and Importance of Investment Policies in Ensuring Sustainable Economic Growth

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**Abstract:** *This article explores key issues related to the specificity and importance of investment policies in ensuring sustainable economic growth in the country. Proposals and recommendations have also been made that are scientifically sound and of practical importance regarding the improvement of investment policies to increase economic growth.*

**Keywords:** *Economic growth, investment activity, investment, national economy, investment policy, investment attraction, domestic and foreign investment, investment volume.*

### Introduction

Currently, the development of the economy is one of the urgent tasks that each state sets for it. Economic growth can be achieved through several factors. Among these factors, one of the most basic is the active involvement of investments in the economy. In this regard, President Shavkat Miromonovich Mirziyoyev, in his work “new Uzbekistan development strategy”, noted that “economic growth can be achieved, first of all, by creating competitive industrial chains and increasing investment in such projects” [1]. Domestic and foreign investment plays an important role in stimulating economic activity, ensuring employment of the population, increasing the standard of living. Dramatically increasing the amount of foreign investment involved in the national economy and their effective use are important in boosting the economy. With this in mind, it can be said that the development and sustainable economic growth of each country largely depends on the investment processes and investment policies in the country.

Achieving high rates of economic growth is a priority for each state. Effective solution of this problem determines the place and role of our country in the world economy, ensuring sustainable socio-economic development, improving the well-being of the population. This situation is causing increased attention to economic growth issues by both academic economists and political figures. In the conditions of comprehensive modernization and diversification of the economy, the role of properly selected investment policies is great. “Investment policy is one of the most important directions in the socio-economic development of any state. Because through the investment policy, it is possible to ensure a high increase in the country's production capacity, an increase in the volume and quality of products produced, the satisfaction of material and spiritual needs, the development of the entire State Infrastructure” [2].

The importance of actively attracting investments in the achievement of economic growth of our country is incomparable [3]. We can achieve a number of advantages by attracting local and foreign investments in the regions.

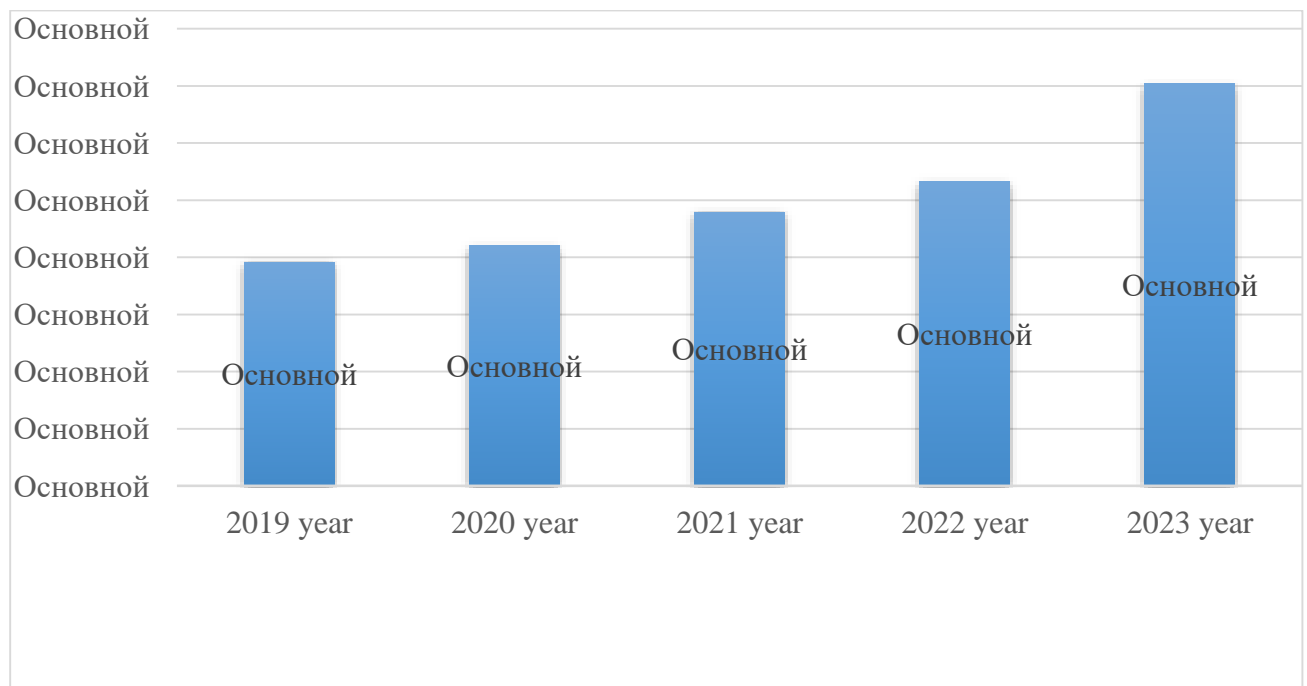
First, the wide involvement of investments in various sectors of the economy develops startup projects, private entrepreneurship and small businesses. As a result of this, additional jobs will be created, the employment of the population will increase nationally, the well-being of the population will improve.

Secondly, by investing in priority sectors of the country's economy, it is possible to increase the ability of enterprises to produce import substitutes, export-free goods and provide services. This makes it possible for the inhabitants of the country to use affordable and at the same time quality goods and services that can fully meet world standards.

Thirdly, the attraction and effective use of investments sets the stage for the production of new types of competitive, export-oriented goods and services in various sectors and sectors of the economy. This will serve to increase the volume of the country's gross domestic product, the state's place among the countries of the world in foreign trade.

Fourth, through the effective use of investments, the material and technical base of enterprises is updated, modern technologies and technologies are introduced into production. This in itself serves for an increase in labor productivity in enterprises, a decrease in the cost of products.

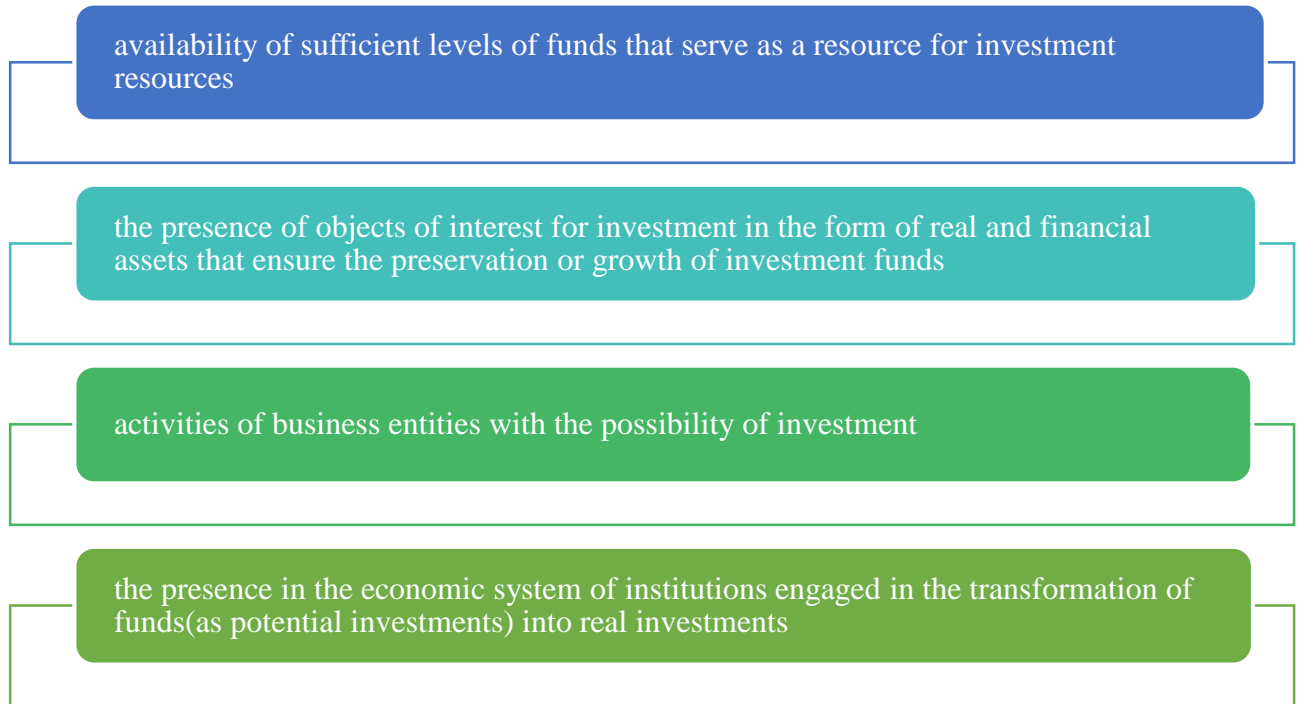
All of the above will ultimately serve to achieve sustainable economic growth.



**Figure 1. Fixed capital investments (in billion soums) [4]**

The level of economic growth represents the volume of gross domestic product, which is the most important macroeconomic indicator. According to statistics, as of January-December 2023, the nominal GDP of the Republic of Uzbekistan amounted to 1066569.0 billion soums. When we compare with the corresponding period of 2022, we can witness an increase of 6 percent. In Figure 1, we can get acquainted with the volume of investments in fixed capital, which occupies a key place in the volume of gross domestic product in the last five years.

Relying on the information in this picture, we can say that for 5 years there has been an increase in both the volume of investments and the volume of gross domestic product, that is, when the volume of investments has grown, the volume of GDP has also increased. And we can say that the growth in the volume of investments was influenced by the investment policy carried out correctly. From this, it will not be wrong if we consider that investment policy is an important factor in achieving economic growth. Considering that investments and investment policies affect economic growth, the implementation of investments in the economy requires compliance with a number of conditions, the main of which we can obtain information through the image below [5] (Figure 2).



**Figure 2. Necessary conditions for the implementation of the investment**

Attracting investments in the economy, conducting an effective investment policy should be carried out in advance on a perfectly thought-out strategy in all respects. In this regard, the issues of introduction and rational use of investments in the economy of Uzbekistan are reflected in the decrees “on the development strategy of New Uzbekistan for 2022-2026” adopted by our president on January 28, 2022 and “on the strategy of Uzbekistan-2030” adopted on September 11, 2023.

The decree of the president of the Republic of Uzbekistan “on the development strategy of new Uzbekistan for 2022 – 2026” [6] covers 100 priority goals, and the issues of active involvement of investments in the economy are expressed in the 26th purpose of the decree. In accordance with this goal, in 2022 – 2026, the implementation of the following measures to further improve the invest

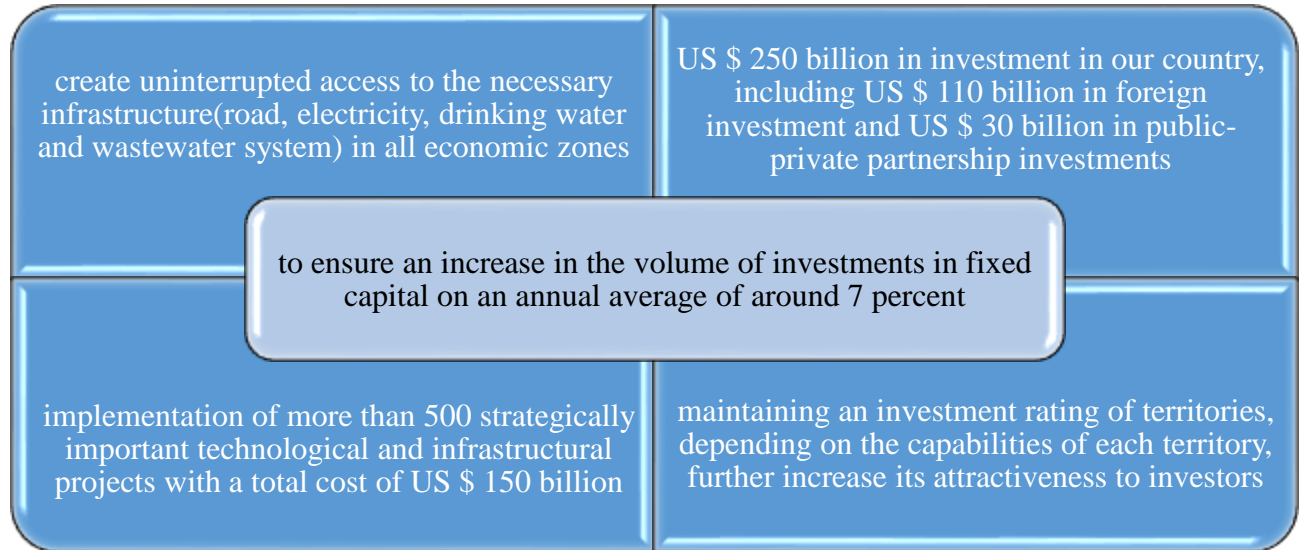


ment climate in our country and increase its attractiveness is established (figure 3):

### Figure 3. Measures aimed at improving the investment environment

Today, the economic strategy of our country is aimed at attracting large-scale investments in the economy. According to this strategy, “it is established that conditions are created so that the growth rate of investments is at least 25% of the gross domestic product in 10 years”.

The Uzbekistan – 2030 strategy, a logical continuation of the new Uzbekistan development strategy for 2022-2026, also addresses issues of investment activity. Based on this strategy, it is prescribed to carry out several tasks until 2030, in order to attract investments widely [7]. We can get acquainted with these tasks through Figure 4.



### Figure 4. Priorities in attracting investments until 2030

Despite the fact that thoroughly thought-out strategies for attracting investments to the economy have been developed, each state, including Uzbekistan, currently has a number of difficulties and risks in introducing investments into the economy. Investors in foreign investment in regions [8]:

- has entrepreneurial potential in the regions, lack of qualified personnel;
- degree of diversity of infrastructure facilities of Regions, non-demand of highways, unsustainable supply of electricity, gas, drinking and wastewater;
- the complete independence of free economic regions, small industrial zones in attracting investment;
- foreign investors and their family members are falling into such problems as the presence of difficulties in obtaining permits for living and operating in Uzbekistan.

Each investor, as he invests, certainly aims to make a high level of profit. Where there is a high profit in itself, there is a high risk, the risk of not returning the invested capital. In order to minimize the amount of Risk, investors will definitely begin to make capital after making the necessary conclusions, observing the depreciation rate of money in the country, the valuation of the national currency in relation to foreign currency, interest rates, the level of tranquility in the state and other important factors. Therefore, it is important that these factors are in a stable state.

To overcome the problems mentioned above, to further increase the investment attractiveness of our country, and ultimately to achieve economic growth, the following suggestions and recommendations can be cited:

- determination of the driver network and areas of the same territory as a result of the analysis of the economic capabilities of the regions;
- create complete information about objects with conditions for investment;

- to create a system that ensures that information about economic, political, social, infrastructural changes can reach the owners of capital without interruption;
- in order to find an investment investor in promising investment projects, it is necessary to make announcements, advertisements about this project through TV channels and radio channels, internet sites;
- Organization of training seminars and trainings for entrepreneurs in order to increase the knowledge and potential of local entrepreneurs;
- improving the state of production infrastructure in the regions;
- obtaining a visa for foreign investors, further simplifying the procedure for state registration of the enterprise being established with the participation of foreign capital;
- development of a single legal framework on which answers to all questions that may arise in the process of engaging in investment activities can be found.

Uzbekistan's position and prestige on a global scale on various fronts, in particular in the economic sphere, is increasing every year. It is important that an openness system is established in attracting investments in the economy, various facilities and benefits are created for investors, and the investment attractiveness of our country is being improved. The wide involvement and rational use of investments are the main factors affecting macroeconomic growth. It is impossible to imagine without investment activities to bring modern, world-standard equipment and technologies to enterprises, to establish import replacement production, to develop small business and private entrepreneurship, to localize production, to carry out the processes of building enterprises that process tabbium resources. Attracting investment funds not only elevates the state economy, but is also important in improving the living standards of the population. Investments involved in the economy today are one of the main factors that determine the level of future economic growth of the state. Therefore, it is important that an integrated approach is implemented in our country, which involves the effective implementation of political reforms, the development of infrastructure and the support of investors.

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