

The Current State of Investment Processes in Uzbekistan

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Abstract

The article examines the theoretical foundations of attracting investments and their use in the activities of enterprises. In the conditions of modernization of the economy, practical recommendations have been developed on the directions of attracting investments to economic sectors and increasing their efficiency.

Keywords: *Investment process, investment projects, direct investments, shareholders, corporate management, enterprise strategy.*

Introduction. The socio-economic changes implemented in the Republic of Uzbekistan are aimed at ensuring long-term stable economic growth by increasing production efficiency in all branches and sectors of the economy and, on this basis, improving the well-being of people living in the territory of our country.

Today, when the processes of globalization are deepening in the world economic system and the foundations of an open economy are being formed in our republic, it is necessary to conduct an effective investment policy, to increase the volume of exports through the radical modernization of production facilities, and to introduce competitive goods and services to the world market, to expand the flow of investments entering the national economy, and to stimulate the activities of investors. establishment of favorable legal and regulatory conditions, as well as consistently increasing the effectiveness of foreign investments, are considered to be the most important factors for achieving this goal.

Methods. Methods such as analysis and synthesis, induction and deduction, comparative analysis, indicative, selective observation, comparison, correlation and regression analysis were used in the research process. The basis of the methodology used in the research is provided by the normative documents developed by our government on the development of railway engineering and the scientific research works of foreign and Uzbek scientists focused on the problems of attracting investments.

Results.

In the conditions of modernization of the economy, it is necessary to rapidly develop the industries based on the processing of local raw materials and the preparation of products that can withstand strong competition in the world market, as well as the rapid development of service industries.

In 2021, the volume of investments in fixed capital increased 2 times in the chemical industry, 2.3 times in drying, 1.7 times in machine building, 1.5 times in transport and separately, 1.9 times in trade, and 1.5 times in the food industry. Such a high growth rate of investments is the result of the systematic implementation of technical and technological rearmament and modernization programs in these sectors, as well as the creation of a favorable investment environment for investors. The

investment environment serves as the main criterion that determines the confidence of investors in the economic policy conducted by the state and economic processes in the country. The investment environment is formed under the influence of a number of factors, among which we can include such factors as economic growth, reduction of the tax burden, ensuring the stability of the inflation rate and exchange rate, regulation of foreign economic activity, coordination of domestic consumption, commodity and financial markets.

In order to implement structural changes in the economy and ensure the stability of economic growth, an active investment policy is being pursued, and important importance is attached to the creation of new sectors that ensure the production of competitive products in the international market in the priority areas of industry and services. The main part of investments, 75.4 percent, is spent on production projects. As before, transport and communication, fuel - energy industry, metallurgy, agriculture and forestry, light industry remain attractive for investors. In 2021, investments mobilized in these sectors were 26.3%, 39.3%, 17.8%, 3.1% and 9.7%, respectively, of the total amount of investments spent on fixed capital. In order to increase investment activity, the tax burden on the economy is being reduced.

The reduction of the tax burden stimulated the investment activity of economic entities. In 2020, an unprecedented large flow of foreign investments entered our Republic, amounting to 1685.8 mln. dollar formed Bank loans for investment projects amount to 1397.7 billion. is equal to soums and has increased by 1.9 times compared to 2019.

As a result of the implementation of a strict monetary and credit policy in our republic, the inflation rate is being reduced. Economic indicators, which are important for the development of business activities and the introduction of investments, are important for ensuring the stability of the inflation rate and the exchange rate. It is necessary to emphasize the introduction of national currency conversion. Ensuring the stability of the exchange rate and ensuring the fulfillment of obligations regarding the conversion of the soum are among the main factors that increase the attraction of foreign investments to the economy of our Republic.

Smart foreign economic activity also plays a big role in attracting foreign investors to our Republic. The implementation of changes in the field of regulation of foreign economic activity, with the aim of stimulating the activities of production and service enterprises and providing comprehensive support for the production of products for export, serves as a determining factor for local and foreign investors to place their funds in the competitive sectors of the economy of Uzbekistan in the international market.

Risks associated with conducting investment activities in the country are an important component of the investment environment. International practice shows that the level of risk of doing business in the country for foreign investors is often characterized by its international rating. Today, there are 3 rating agencies operating at the international level, they are Standard & Poor's, Moody's, and Fitch Rating. By these companies, in 2008, 12 such as National Bank of Foreign Economic Activities of our Republic, Mortgage Bank, Grain Bank, Aloqa Bank, Turon Bank, Credit Standard Bank, Uzsanoat Kuriles Bank, Cotton Bank, Asaka Bank, Partner Bank, Silk Road Bank, Capital Bank assessment of commercial banks as financially "stable" was an important incentive for foreign investors to increase the attractiveness of attracting investments to our republic.

Limited access to the international credit resources market for economic entities requires us to pay special attention to foreign direct investment (FDI) in this process. The advantage of TTXI over other forms of foreign capital is that it is a long-term capital investment. TTXI are considered a more stable source of investment compared to other types of funds, and they are important in

meeting the demand for long-term capital investments, unlike short-term, speculative capital flows.

At the same time, TTXI serve as a positive factor in increasing the level of competitiveness of the national economy, finding its place in the international division of labor, integrating it into the world economic system, expanding foreign trade turnover, and ultimately further developing the export potential of our local economy.

Today, significant changes in the quality of investment financing are observed. This is because gross investment is now financed more by private sector funds, including foreign investors.

Table 2.1 shows that in 2020-2021, the share of budget and budget-related resources in gross investments is decreasing. In particular, financing from the state budget decreased by 12% in 2021 compared to 2020, and financing from extrabudgetary funds decreased by 13.2%.

Table 1. Share of investments by financing sources

Sources	2019 y.	2020 y.	2021 y.
Total:	100	100	100
Including:			
- State budget	10,4	9,2	7,4
- Enterprise funds	48,4	42,9	31,5
- Population funds	11,8	9,0	15,8
- Bank loans	4,1	4,9	9,1
- Other debt funds	-	2,1	4,1
- Funds from extra-budgetary funds	6,8	5,9	3,2
- Foreign investments	18,5	26,5	28,9

Analyzes. According to the State Statistics Committee of the Republic of Uzbekistan, the company's own funds have become the main source of investment financing. Their share was 31.5% by the end of 2021.

In the structure of internal sources of investment financing, public funds play a large role. According to the results of 2021, public funds accounted for 15.8% of investment financing.

We can see that the role of the national financial market in the financing of investments is at a lower level. The amount of investments involved in the financing of investments was 4.9% in 2020, this indicator increased to 9.1% in 2021.

The practice of financing investments from other sources, including the issuance of securities, is not yet sufficiently developed. From the data of table 2.1, we can see that other debt funds in 2021. according to the results of the year is 4.1%. The growth rates of foreign direct investments and loans have slowed down significantly (102.4%), which is due to difficulties in the financial situation of foreign investors. At the same time, the volume of foreign loans granted under the government guarantee has also decreased, and in 2021. 362.7 mln. dollar formed

Direct foreign investments play a particularly important role in the structure of foreign investments attracted to our republic (table 2.2).

The analysis of table 2.2 data shows that in 2020. The growth rate of foreign investments was 168%, while the growth rate of foreign investments was 102.4%.

If we analyze the composition of foreign investments attracted to Uzbekistan, we can see that the rate of attraction of foreign investment has decreased. 2019 - 2020. in 2021, the share of TTXI

increased from 37.2% to 77.5%. this indicator decreased by 25.1%.

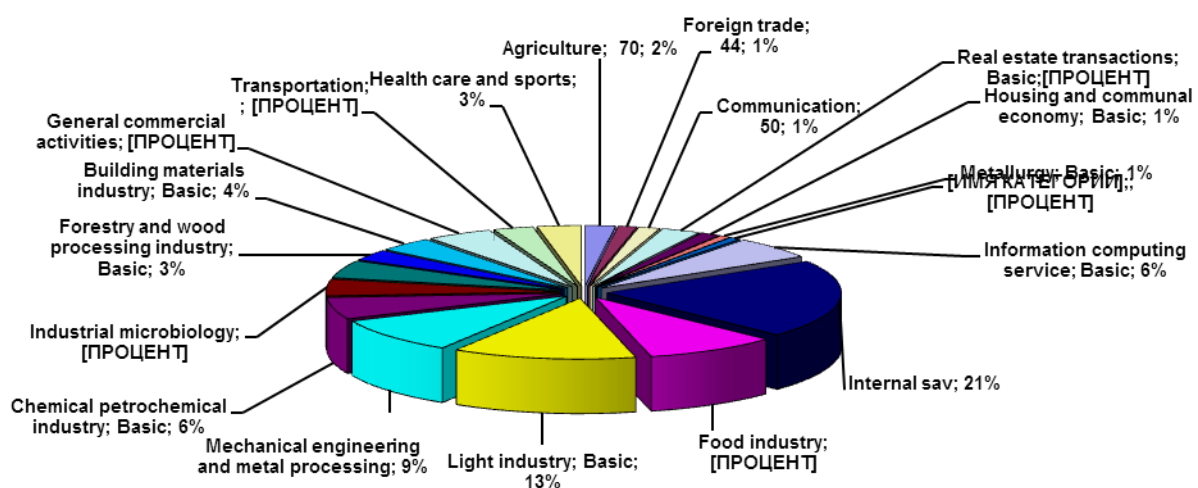
Table 2. 2019 - 2021. composition of foreign investments and loans attracted to the economy of Uzbekistan

Indicators	Growth rates, %			Content, %		
	2019 y.	2020 y.	2021 y.	2019 y.	2020 y.	2021 y.
Total foreign investments and loans	115,2	161,1	102,4	100,0	100,0	100,0
Including capital	115,8	162,3	109,2	97,8	98,5	98,2
Of these:						
- loans under state guarantee	98,0	133,7	80,4	25,9	19,3	3,7
- direct foreign investments	69,2	169,5	90,3	37,2	77,5	25,1
- other investments	795,1	316,7	196,5	34,7	1,7	9,1

Practice shows that the corporate sector is important in attracting TTXI. Most foreign investors try to invest in enterprises with a well-established management system and a certain market position. It is known that the stock exchange carries out buying and selling operations of the shares of enterprises established in the form of open joint-stock companies. As a result of the influx of foreign investment, the demand for shares of a certain element increases, which affects the liquidity of shares and the growth of their quotation.

The changes in the attraction of TTXI to our Republic are reflected in the increase in the number of enterprises with participation of foreign investments.

There are a total of 4036 enterprises with foreign investments in our republic, 706 of them in 2021. year was established. Today, 85.3% of enterprises, i.e. 3443 enterprises, are operating. 1450 of them are engaged in foreign economic activity, and the share of enterprises in foreign trade turnover is 31.5%.



1 - picture. A foreigner operating in the Republic of Uzbekistan enterprises with investment participation

In the Republic of Uzbekistan, the involvement of TTXI has a comparative advantage in the following sectors, i.e. agriculture, food products, metal and metal processing, mineral resources, production of machinery and equipment, construction materials, textile and light industry, transport

and communication.

Table 3. Composition of foreign investments attracted to fixed capital by economic sectors

Indicators	Growth rates, %			Weight, %		
	2019 y.	2020 y.	2021 y.	2019 y.	2020 y.	2021 y.
Total:	126,6	175,8	109,2	100,0	100,0	100,0
Field of production:						
- industry	123,8	181,9	95,7	84,7	94,1	90,0
- communication	150,1	257,8	119,7	24,8	24,4	29,2
- mineral resources	7443 times	645 times	204 times	6,7	26,1	11,2
- other types of material production	101,1	62,7	100,0	13,2	5,1	5,1
Non-manufacturing sector:	144,0	115,2	169,5	15,3	5,9	10,0
- communal construction	164,0	87,2	306,6	6,2	1,5	4,6
- healthcare institutions	262,3	179,5	147,6	2,9	2,1	3,1
- public educational institutions	134,7	79,7	143,7	5,2	1,6	2,3

2021. In 2020, approximately 71.6% of the total volume of investments was directed to the production sector. 4.1% less than last year. The main areas of investment in production were 29.2% in the transport and communication complex, 11.2% in the fuel-energy complex, 5.1% in metallurgy, 4.6% in trade and catering, and 3.1% in machine building. The share of investments in housing construction in the non-production sector increased by 5.2% primarily due to the targeted program of individual housing construction in rural areas at the expense of preferential loans of "Kishloq Kurilish Bank" OJSC and population funds.

2021. in the total volume of capital funds, the share of construction and assembly works was 52.8%, the share of machines, equipment and inventories was 37.5%, and other expenses were 9.4%. Of the total volume of investments, new facilities under construction accounted for approximately 58.7%, reconstruction, modernization and expansion of existing facilities accounted for 27.6%, and other facilities accounted for 13.7%.

2021. 1098 production facilities were put into operation, which ensured the creation of 15,500 new jobs as a result of the increased investment activity of commercial banks and the population. From the analysis of the composition of foreign investments in fixed capital by economic sectors, we can see that the main part of investments is 94.1% in the production sector, and 10.0% in the non-production sector (Table 2.3). As in previous years, most of the investments are directed to the industry.

The weight of the fuel-energy complex in the total investments involved in the industry is 42.1% (table 2.4). Such a rapid growth of foreign investments is characterized by investments in projects related to the development of Kandim Hauzak and Shodi mines and the implementation of geological exploration in the Ustyurt region in cooperation with Russia, Korea, Malaysia and China.

Table 4. Composition of foreign investments in fixed capital by industrial sectors

Indicators	Growth rates, %			Weight, %		
	2019 y.	2020 y.	2021 y.	2019 y.	2020 y.	2021 y.
Industry - total	108,5	107,0	109,2	100,0	100,0	100,0
Fuel is energy	226,3	71,7	82,7	43,1	50,9	42,1
Chemistry	320,3	350,5	150	3,9	2,8	4,2
Building materials	15,5	513,4	889,4	1,5	1,9	16,9
Light industry	79,1	195,5	96,4	27,9	19,6	18,9
Food	327,4	211,0	53,4	15,5	13,1	7,0
Other networks	34,5	141,1	125,3	8,1	8,7	10,9

From the analysis of enterprises with participation of foreign investments operating in the Republic of Uzbekistan, we can see that 12.4% of enterprises with participation of foreign investments are textile and light industrial enterprises. Today, investments in the development of textile and light industries have a great weight. 2021. 98.6 million for the modernization and reconstruction of the textile network. dollar attracted and mastered. Such a high rate of attracting foreign investments is the result of the technical rearmament of the industry and the establishment of joint ventures. This shows that in order to attract foreign investments to our Republic, special attention is paid to the development of industries that produce ready-made products.

Kashkadarya region also has a great weight in attracting investments. 19.3% of the total investments attracted to the regions of our Republic correspond to Kashkadarya region, which is 6.4% of the area of our republic and 7.6% of the total gross domestic product.

Navoi region makes up 24.7% of the territory of our republic, and its weight in the investments attracted to the regions is equal to 6.7%.

2020 - 2021. From the analysis of the changes in the regional structure of investments in the years, I can see that special attention is paid to attracting investments to the Tashkent region.

Today, 73% or 2,515 enterprises with foreign investments operating in the regions of the Republic of Uzbekistan are located in Tashkent city, 8% or 257 enterprises are located in Tashkent region. So, 81% of enterprises with foreign investments correspond to Tashkent region and Tashkent city. In the rest of the regions of our republic, only 19% of enterprises with participation of foreign investments correspond. Among the regions of our republic, Tashkent has a special place, and its economic development serves as a support for the development of the national economy. At present, no matter what sector of our economy, whether it is heavy or light industry, enterprises forming the defense sector or production facilities operating on the basis of high technologies, Tashkent has become a huge industrial center that embodies all these. Tashkent economic region is an industrialized region with a high level of economic development compared to other regions of the Republic of Uzbekistan. However, when considering this region from the point of view of sustainable development, the concentration of industrial enterprises, the level of urbanization and the increase in the population, the employment of labor resources, the location of industrial enterprises, the formation of an infrastructure system, and the lack of capital resources are among the factors that require solving a number of problems.

Discussion

The following conclusions were drawn based on the research conducted on the attraction of investments in economic sectors and its management:

By economic nature, investments are expenditures for the creation, expansion or reconstruction and rearmament of fixed and working capital.

Political stability, inflation and unemployment levels, budget implementation, state participation in the economy and the development of the private sector, freedom of foreign trade and foreign exchange market, availability of natural and labor resources, quality of labor force, tax system, acceptable interest rates, market capacity are some of the factors affecting the investment environment. conditions are affected.

Attracting foreign investments to the economy of our country and increasing the efficiency of their use will allow the production of highly liquid competitive products and the protection of the real sector of the economy from the negative effects of the global financial and economic crisis.

Today, on the basis of the successful and stable development of the economy of Uzbekistan, there is a unique and appropriate model of economic reforms, which are deeply thought out and fully take into account the peculiarities of Uzbekistan. In order to increase the effectiveness of the republic's economy, it is necessary to provide production with techniques and technologies that meet modern consumer requirements based on the development of innovative activities, to ensure the production of products that meet market requirements, and to organize the cooperation of subjects engaged in innovative activities.

In the Republic of Uzbekistan, the involvement of TTXI has a comparative advantage in the following sectors, i.e. agriculture, food products, metal and metal processing, mineral resources, production of machinery and equipment, construction materials, textile and light industry, transport and communication.

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