

Article

Analysis of The Issues of Attracting Investments to the Economy

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Abstract: This article discusses the scientific foundations of the effective use of investment in the national economy, presents a methodology for assessing the use of investments, and offers suggestions for the efficient use of external and internal investments with an analysis of capital efficiency.

Keywords: investments, foreign investments, domestic investments, accelerator model, limited inclination to capital, capital efficiency, efficient use of domestic investments.

1. Introduction

Investments of both internal and external kinds help to guarantee the steady operation of businesses. Preparing and analysing real asset investments primarily guarantees that the business will meet its objectives.

The following uses are made of investments:

I. Investing to boost economic effectiveness. The major goal of these expenditures is to set up the circumstances for businesses to save costs through equipment replacement, personnel skill development, and moving manufacturing facilities to more efficient locations.

II. Production expansion investments. At the expense of current capacities, such investment aims to increase the potential for producing items for previously established markets.

III. Production-related investments. These investments enable the production of previously unproduced goods and services or the introduction of already made items into new markets.

IV. Investments to meet state management agency standards. For instance, expenditures made to satisfy product and environmental standards. The basis for this classification of investments is the variation in risk.

Analysis of literature on the research. V. Snieska and I. Zykiene's research provides a description of an investment-attractive city and identifies factors contributing to investment attractiveness. They have studied the theoretical and entrepreneur-recognized

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characteristics of a country's attractiveness for investments, and believe that the selection of a country for investment is influenced by the availability and cost of skilled labor, resource prices, and market competition.

G. Ilie has shown that content, namely business information, is a crucial element for attracting potential investors, while the effectiveness of advertising is not as important. It is believed that collecting or researching information about factors influencing business decisions to attract investments requires time, and later, a dedicated employee should be responsible for keeping it updated. The provided information should include details about the country's economic and political attractiveness, opportunities and support, as well as a comprehensive description of the steps and costs involved in establishing and managing a business.

D.A. Myachin and others have shown that identifying the regional specific characteristics of the investment attractiveness of the studied objects should be carried out by comparing them with the state of small businesses in these areas and highlighting the importance of small business development in creating a favorable investment environment.

F.U. Umarov's research analyzes the organizational and economic mechanisms and specific features of expanding the scope of attracting foreign investments to relevant sectors and industries of the economy.

A. Burkhanov's research examines the scientific and theoretical aspects of attracting foreign investments to regions, substantiates the problematic aspects of attracting foreign investments to regions, and develops proposals aimed at addressing these issues.

2. Materials and Methods

In addition to studying the experiences of other nations, this article reviews the scientific research that has been done on luring investments to our nation and using them effectively. It makes extensive use of statistical data, economic comparison and analysis, logical reasoning, scientific abstraction, data grouping, analysis, and synthesis, as well as induction and deduction techniques.

3. Results and discussion

It takes a lot of risk to invest in the creation of new products and to break into untapped markets. Consequently, the third group's investments carry the highest risk. Compared to investments in new production, those made to expand production are less risky. However, investments in efficiency-boosting projects, which concentrate on raising the calibre of items that are already on the market and cutting production costs, are far less risky than those in the second and third categories. In a similar vein, investments made to satisfy government regulatory organisations' needs are thought to carry a significantly lower level of risk.

Investments are classified as either domestic or international based on their sources. The state budget, money from businesses and the general public, bank loans, and non-budgetary funds are all sources of domestic investment. Funds from foreign nations, businesses, and international financial institutions make up foreign investment sources.

Capitalized investments in fixed capital (at current prices, billion sums), Samarkand region¹

| No | Years | Samarkand region | Samarkand city | Kattakurgan city |
|----|-------|------------------|----------------|------------------|
| 1 | 2010 | 1 083.1 | 508.4 | 4.4 |
| 2 | 2011 | 1 345.6 | 675.1 | 9.7 |
| 3 | 2012 | 1 586.0 | 753.3 | 32.8 |
| 4 | 2013 | 2 127.6 | 1 096.3 | 37.0 |
| 5 | 2014 | 2 540.4 | 1 277.5 | 29.9 |

¹ <https://samstat.uz/uz/rasmiy-statistika/investments>

| | | | | |
|-------------------------|------|----------|---------|-------|
| 6 | 2015 | 3 237.2 | 1 695.7 | 55.3 |
| 7 | 2016 | 1 683.4 | 1 535.0 | 148.4 |
| 8 | 2017 | 2 225.7 | 2 150.9 | 74.8 |
| 9 | 2018 | 2 653.6 | 2 533.2 | 120.4 |
| 10 | 2019 | 4 272.2 | 4 113.1 | 159.1 |
| 11 | 2020 | 6 650.2 | 6 254.1 | 396.1 |
| 12 | 2021 | 4,975.5 | 4 577.5 | 397.9 |
| 13 | 2022 | 18,917.1 | 5 338.8 | 300.4 |
| 14 | 2023 | 25 717.1 | 6 236.2 | 292.4 |
| January-September 2024* | | 21 128.4 | 7 279.3 | 547.9 |

It is also possible to determine the structure of assets by classifying them according to their origins. In addition to the source-based structure of investments, the sectoral, regional, ownership, reproduction, and technical structures of investments are also differentiated for the purposes of economic analysis and practical application.

While the structure based on ownership forms shows the contribution of state and non-state property objects to the total investment sources and expenditures, the sectoral (regional) structure of investments displays the share of investment expenditures made in a particular sector (region) over a given period. The proportion of total investments allocated to new construction, production expansion, reconstruction, and rearmament determines the reproduction structure. The technological structure of investments displays the proportion of total investment expenditures that go into equipment and inventory, construction and installation activities, and other expenses. The country's current investment policy has a significant impact on how investments are organised and how efficient they are made. The following has been determined based on Table 1.

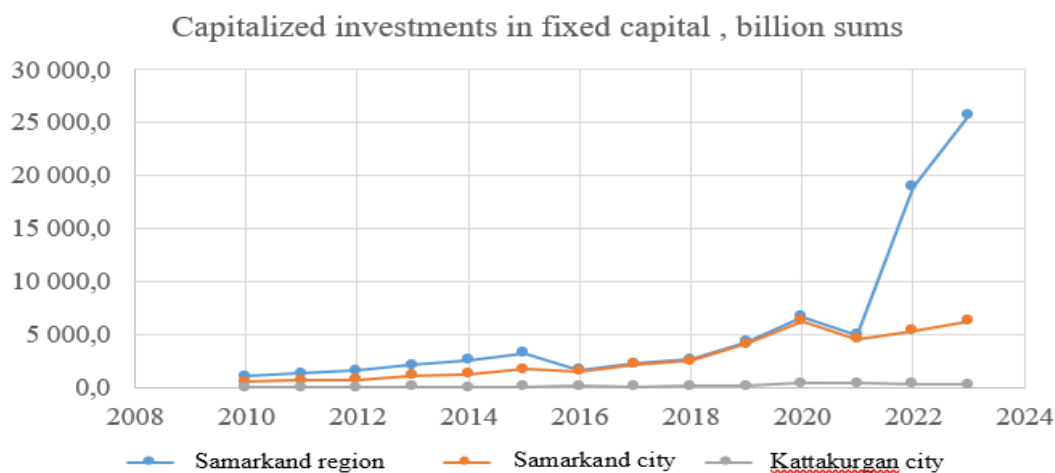


Figure 1. Investments in fixed capital, billion sums

Government-level investment contracts are another efficient way to guarantee the relationship between businesses with state and foreign investment participation. Investment contracts that are intended to accomplish these goals are, in fact, essential for consistent implementation because of the government's measures, which are primarily focused on the rapid development and modernisation of economic sectors, social infrastructure, and production infrastructures, as well as the complex diversification of industrial production and the enhancement of its competitiveness.

The Law on "Investments and Investment Activities" outlines the particulars of investment contracts made with the Republic of Uzbekistan's government, including the process by which they were reached, the parties involved, the terms, and the state's obligations.

When international investors sign contracts with the Republic of Uzbekistan's government, they receive additional guarantees and support measures. Additionally, the

government of the Republic of Uzbekistan allows foreign investors to freely make proposals for investment contracts.

All things considered, the Law on "Investments and Investment Activities" is the only normative-legal law that governs the interactions between domestic and international investors in the area of investments and investment activities. Apart from its direct application, it also aids in the removal of inconsistencies in investment laws, encourages the growth of public-private partnerships in the execution of investment projects with foreign investors, ensures the security of investors' money, and supports financial market growth and economic stability.

All areas of development will also reach a new level as a result of the extensive systemic changes being made to our nation's economy, the creative approaches being used to modernise it, and the laws, decrees, and decisions that have been adopted with the needs of the modern world in mind.

In conclusion, the execution of economic reforms guarantees the practical realisation of direct investment projects and the efficient use of investments, especially foreign investments aimed at different industries. The size of the investment projects that have been carried out offers a chance to make inferences regarding the alterations and transformations taking place in the economy.

A number of problems and inadequacies in luring in foreign investment and enhancing the investment climate have also been addressed by the President of the Republic of Uzbekistan's proclamation "On Priority Measures for Liberalising the Currency Policy." Due to disproportionate benefits and preferences for particular industries and economic entities, an inefficient system was created as a result of excessive administrative regulation in the area of money circulation. In addition to upsetting the fundamentals of market-based competition and creating unfair economic circumstances, this also made it more difficult to draw in foreign capital and boost exports of products and services. In resolving these problems, the decree was crucial.

Improving the investment climate is one of our nation's top priorities for the upcoming years. This will be achieved mainly by boosting the amount of direct and foreign investments, providing guarantees to international investors, and boosting their trust. We believe that putting the aforementioned suggestions and recommendations into reality would lay the groundwork for attracting more investments to the nation's economy.

4. Conclusion

To sum up, it should be underlined that the benefits of financial globalisation cannot be overstated: prospects for humanity are growing significantly, all facets of human existence are being fully considered, and conditions are being established for greater harmonisation. The following are some of the favourable results (benefits) of globalisation processes:

1. The benefits of financial globalisation are also linked to the advantages of free trade in a way that benefits all parties together.
2. By opening up markets and boosting competition, financial globalisation encourages the advancement of new technologies and their international adoption. "Under its circumstances, the growth rate of direct investments greatly outpaces the growth rate of international trade, making it the most crucial element in the transfer of industrial technology and the establishment of multinational corporations, both of which have an immediate effect on national economies. The economic benefits of using the advanced scientific, technological, and skill levels of leading foreign countries in relevant domains in other countries are what define the benefits of globalisation; in these circumstances, new solutions are implemented concurrently.

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