

PROBLEMS OF FOREIGN INVESTMENT IN ACCELERATING THE SOCIO-ECONOMIC DEVELOPMENT OF THE ECONOMY IN UZBEKISTAN

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ABSTRACT:

The paper considers theoretical issues of deepening economic reforms in the economy of Uzbekistan, as well as the problems of foreign investment in this development, and also offers recommendations.

Keywords: market economy, economic reform, investment, foreign investment, loans, subsidies.

INTRODUCTION:

Foreign investments are becoming a kind of catalyst for accelerating the country's socio-economic development. The point is not only in the creation of new production on their basis, but even more important is the role of investments as a factor that activates the inclusion in the economic process of the previously insufficiently used natural, production and labor potential. "The main goal of economic reforms in the new year will be to reduce poverty and increase the welfare of the population. We intend to achieve these strategic goals through high rates of economic growth and creation of equal opportunities for all." [1] In Uzbekistan, as in other states of the world community, work is underway to modernize, technical and technological re-equipment of industrial production, to involve academic and industrial science in this process.

ANALYSIS OF LITERATURE ON THE TOPIC:

The variety of theoretical and methodological problems in the study of the socio-economic development of the economy has led to the existence of different points of view on this process and ambiguous approaches to the analysis of its features.

Uzbek economists S. S. Gulyamov, A. M. Abdullaev are fruitfully engaged in the development of issues related to the peculiarities of the economic development of the economy. [2] They developed conceptual approaches to investment valuation, business methodology, competitiveness, innovation financing, innovative entrepreneurship, and the implementation of enterprise innovation policies in the face of risk uncertainty.

Speaking about the need for further reforming the economy, we studied investment issues. So, today a number of economists continue to study investment processes. Thus, American economists Stanley L. Brue and Campbell R. McConnell identify "investment spending as the second major determinant of aggregate demand"; and there are 2 parameters "interest rates and expected profits [3].

Theorists of Russian economic science such as V.V. Sedov consider investments as an integral factor of economic growth [4]; a group of authors under the leadership of V.D. Kamaev. focus on the investment accelerator [5].

Despite the existence of an extensive economic literature devoted to the consideration of various aspects of economic development, a number of problems require

further research. There is no comprehensive approach to defining further ways of development in the economy of Uzbekistan, the directions of using investments, in particular foreign investments in this process, are not highlighted.

RESEARCH METHODOLOGY:

In the course of the research, we used logical, systemic, deductive, inductive and economic-statistical methods, comparisons and analogies, which make it possible to describe economic phenomena and their properties.

ANALYSIS AND RESULTS:

Countries are embarking on a market path of development, and the processes of globalization of the world economy have determined the conditions for this transition: this path of development is available for countries with macroeconomic and political stability and a developed competitive environment, with high scientific and technological potential and an effective national innovation system; for economies with a high degree of industrialization and developed export-import relations.

In Uzbekistan, as in other states of the world community, work is underway to modernize, technical and technological re-equipment of industrial production, to involve academic and industrial science in this process.

In this regard, investments, their active role in improving the living standards of the population, play an important role in accelerating the socio-economic development of the economy of Uzbekistan.

Among the advantages that the modern economy of Uzbekistan offers for foreign companies are political and macroeconomic stability, favorable natural and climatic conditions, hospitable and hardworking people and many others. The investment legislation of the Republic of Uzbekistan is one of the most

advanced in the system of legislation of the CIS countries, incorporating the main provisions of international investment law, in particular, provisions on guarantees of the rights of foreign investors, the provision of certain preferences for investors and others.

There are no restrictions on the form of investment in the Republic of Uzbekistan. During the years of independence, a favorable investment climate has been created in Uzbekistan, a wide system of legal guarantees and benefits for foreign investors, an integral system of measures has been developed to stimulate the activities of enterprises with foreign investment.

The implementation of the Investment Policy Strategy of the Republic of Uzbekistan for the medium term will improve the investment climate for the development of private business by increasing transparency and increasing the quality of regulation, strengthening the protection of the rights and interests of investors and entrepreneurs. This will lead to an increase in the inflow of direct and other foreign investments, an increase in the involvement of the population in investment processes due to the development of the securities market.

As a result of the above measures, in the period 2019-2025. the share of investments in fixed assets in GDP is expected to increase from 26% to 28-30%, respectively. At the same time, it is expected that in 2025 the volume of attracted foreign direct investment will amount to \$ 6.7 billion, compared to \$ 1.8 billion. in 2018

In general, the implementation of the investment policy strategy will allow achieving the following results by 2025:

-The volume of investments in fixed assets will increase by 3.5 times compared to 2018 and will amount to 379.7 trillion soums;

-The volume of foreign investment in the country's economy as a whole for the period will amount to 84.7 billion dollars, including direct

foreign investment will amount to 12.7 billion dollars. [6].

Foreign investment plays an important role in helping transition countries in their evolution towards a market economy.



The relevance of attracting foreign investment for the development of the economy of the Republic of Uzbekistan today is due to the transitional economic processes taking place in the Republic and the need for financial support for such processes.

Uzbekistan has a huge investment potential. Over the years of independence, such industries as the automotive industry, agricultural engineering, biotechnology, the pharmaceutical industry, and information technology have received new development. Uzbekistan is rich in various types of minerals. More than 100 types of mineral raw materials have been discovered in the depths of the republic. In terms of reserves of gold, uranium, copper, silver, lead, zinc, tungsten, natural gas and some other minerals, our country occupies one of the leading places in the world.

In general, the investment attractiveness of industries is determined by the relatively low costs of factors of production (electricity, natural gas, labor), a significant domestic sales market (more than 26.3 million resident

population), duty-free access to the markets of the CIS countries (280 million population).

The developed concept of attracting and using foreign direct investment in the country's economy, as well as domestic investment resources, makes it possible to substantiate general trends in the development of the investment process and draw some conclusions, the essence of which is as follows:

firstly, a significant part of banking structures in Uzbekistan, in the process of reforming, began to take part in investing in small, medium and large businesses, realizing the increased role of long-term investment.

secondly, the republic, possessing a huge resource, production and technological potential, cheap labor, a wide sales market, attracts foreign investors who are ready to invest in the economy, both by providing long-term loans and by setting up joint ventures.

thirdly, regional management structures are interested in the development of the regional economy, including through the widespread attraction of external capital.

fourthly, the republic will not ensure the accelerated growth of its economy without attracting funds from outside, their availability will become a determining factor in the growth of industry, agriculture and other sectors of the economy.

Thus, there is a fairly high need for investment in the country, and on the other hand, potential investors and science are ready to invest capital and ideas in the economy of Uzbekistan to generate additional income in the future. This means that the country has the preconditions for a significant market business, requiring the definition of a clear investment policy.

Analyzing the statistical data, one can see that direct investments account for only 17% of the total investment. It follows that from the huge volume of investments, only a small part goes to the renewal of fixed assets of production.

This leads to a relatively slow renewal, modernization or replacement of fixed assets, which leads to their longer use in inadequate quality and, as a consequence, reduces the efficiency of enterprises and the rate of economic growth.

Positive trends in attracting foreign investment reflect not only a significant increase in the size of capital. But there are also other important changes: the sectoral ratio has improved towards the development of the real economy. So, the share of foreign investment in the development of industry from 2005 to 2014 changed from 46.4% to 67.7%, agriculture (the same period) from 3.0% to 2.3%, transport from 12.2% to 14.5%, communication with 26.5% to 8.7%, other industries from 11.9 to 6.8%, the ratio by forms of ownership: the state's share in fixed assets (the same period) decreased from 21.3% to 12.7%, joint ventures, foreign citizens and organizations increased from 51.8% to 75.5%. [7].

It should be noted that the rate of economic development of our country, as in other countries, was significantly influenced by the coronavirus pandemic, which required adjustments to attract foreign investment. In 2021, it is planned to assimilate more than \$ 7.5 billion of foreign direct investment (most of all from China), as well as introduce a new system for the implementation of projects financed by international financial institutions. It is planned to attract \$ 2.9 billion of foreign loans under state guarantees. If in 2019 foreign direct investment amounted to 6.5 billion, then in 2021 - by 6.6 billion dollars, which is "a positive indicator in this difficult year" dollars of production. [8].

The task has been set to qualitatively fulfill 69 new promising industrial projects, creating additional reserves for economic growth. Particular attention as the main driver areas will be given to the chemical industry, energy, geology, electrical engineering and light

industry. From January 1, 2021, it is planned to introduce a new system for the implementation of projects financed by loans from international financial institutions, training managers and employees of "project offices" for the effective development and effectiveness of funds for each project.

It is forecasted that in 2021 the volume of exports will amount to about 17 billion dollars, from January 1, to establish a system of pre-export financing at the expense of the Export Support Fund. According to the presentation of the Ministry of Investment and Foreign Trade, 249.8 trillion soums (+ 6.7%) are expected to be disbursed in 2021. Of these: \$ 7.52 billion - foreign direct investment (FDI); \$ 2.9 billion - international loans guaranteed by the state; 39.9 trillion soums - loans from commercial banks; 17.2 trillion soums - budget funds; \$ 239 million - funds of the Fund for Reconstruction and Development (FRDU); 57.6 trillion soums - own funds of enterprises. It is expected that most (18.2%) of foreign direct investment in 2021 will fall on China. They are followed by Turkey (14.1%), Germany (9.5%), Russia (7.5%), USA (7.4%), UAE (4.4%), Republic of Korea (4.3%) and France (2.1%). [9].

As for loans from international financial institutions, next year it is planned to receive \$ 546.7 million from the World Bank, \$ 686.1 million from the Asian Development Bank, \$ 154.3 million from the European Bank for Reconstruction and Development, 204.3 million dollars from the Japan International Cooperation Agency (JICA) and 114.6 million dollars from the Islamic Development Bank. In the context of industries, loans will be attracted for the implementation of projects in the field of drinking water supply - 220.1 million dollars, healthcare - 157.1 million dollars, highways - 154 million dollars, education - 67.2 million dollars, electricity - 519.6 million dollars and railways - \$ 206 million. [9].

CONCLUSIONS AND OFFERS:

Currently, there are a number of problems from the solution, which depends on the acceleration of socio-economic development,

- As you know, the dynamics of foreign investment in our country is positive, it is growing, which of course is reflected in the stable rates of economic growth (over the past 10 years, the rates of economic growth of the economy of Uzbekistan are about 8% per annum); but it should be noted that these sizes are almost entirely under the guarantor of the government of the state, other subjects of the investment market are not used;

- In the republic, foreign direct investments are mainly used (foreign direct investments are investments of foreign investors that give them the right to control and participate in the management of the enterprise in the territory of another state), insufficient venture, portfolio investments (investments of foreign investors in foreign securities with the purpose of obtaining or increasing income in the form of dividends, interest or the difference in exchange quotations), as well as investments in non-financial assets;

- In the economy, foreign capital functions in the form of joint ventures, free economic zones (we now have 22 free economic zones, 45 small industrial zones), leasing, and foreign loans. At the same time, I would like to use other forms: franchising, offshoring

In this regard, we consider it necessary to take the following measures:

- To use a flexible economic mechanism for the introduction of such forms of public administration, ensuring the optimization and simplification of procedures for the provision of public services, increasing the efficiency of government bodies; expand the conditions for attracting investments in the development and implementation of innovative ideas and technologies, improving the regulatory

framework that ensures their further development;

- In the process of planning investment projects, take into account interregional disproportions and untapped export potential; move from drawing up short-term to medium-term state investment programs, attracting foreign investment;

- To solve the problems of employment of the population and implement large-scale modernization projects requiring a high concentration of capital, create conditions for the formation of financial and industrial groups (FIG);

- Ensure information transparency of investment objects, increase the reliability of securities and enhance their role in foreign investment;

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