

# The Importance of Investments in the Economic Development of Uzbekistan

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**Abstract:** The article examines the role of investment in the development of the economy, the current investment policies and the basis for modernization and diversification of the economy

**Key words:** investment funds, investment financing, efficiency of investment funds, modernization and diversification of economic sectors.

## Introduction

Extensive economic reforms implemented in Uzbekistan in recent years require the activation of investment processes. The establishment of new industries and sectors in the economy, the expansion of existing production capacities, and the creation of jobs encourage the attraction of more and more funds and resources. The 3rd direction of the action strategy on the five priority directions of the development of the Republic of Uzbekistan in 2017-2021 is to strengthen macroeconomic stability and maintain high economic growth rates aimed at further development and liberalization of the economy, increase the competitiveness of the national economy, modernize and rapidly develop agriculture, and reduce state participation in the economy. by continuing institutional and structural reforms, protecting the right of private property and further strengthening its priority position, encouraging the development of small business and private entrepreneurship, comprehensive and proportionate socio-economic development of regions, districts and cities, and improving the investment environment in the branches of our country's economy and the active attraction of foreign investments to the regions is important.

Timely and effective solution of these tasks can be ensured through measures covering issues of regulation and further improvement of mechanisms for attracting foreign investments to the economy. Therefore, the development of ways to activate the process of attracting foreign investments for modernization and diversification of the investment policy carried out in our republic today remains an urgent issue.

The effective solution of such tasks requires the expansion of investments in these sectors, including the attraction of foreign investors, and the organization of their effective use. These are important for the sustainable development of the economy of Uzbekistan as a logical continuation of the structural changes that have been ongoing in our country until now.

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### **Literature review**

R. Yuldashev assesses the investment potential of our country as follows: "Uzbekistan is located at the crossroads of Central Asia, it is a country with convenient transport corridors for establishing effective regional cooperation relations, participating in regional and transnational projects".

Prof. D. G'. Gozibekov interpreted the economic content of investments as a financial category and defined it as follows: "The content of investments consists of receiving funds from clear and reliable sources, mobilizing them in a reasonable manner, maintaining the capital value taking into account the level of risks, and obtaining the intended effect will be."

Prof. N.H. Haydarov gives the following definition of the essence of investments: "Investment is the use of resources by individuals and legal entities operating on the basis of entrepreneurship, or by the state, in order to obtain economic and social benefits, regardless of the form of ownership"

At the same time, Russian economists T. Danko and Z. Okrut consider investment to be "a factor and mechanism for creating a favorable investment environment and stimulating production, trade, and scientific activity."

Currently, all investments made in the economic development of our country are targeted. The fact that their effective activities are not sufficiently provided is raised to the state level, and the main attention is paid to these issues in the action strategy of the further development of the Republic of Uzbekistan.

### **Research methodology**

Systematic analysis, economic research methodology, comparison, induction and deduction, and economic-statistical research methods were widely used in the research.

### **Analysis and results**

It is known that since the initial stages of reforms, great attention has been paid to the implementation of structural changes in the economy of our country and attracting investments, including foreign investments, especially direct investments.

The Recovery and Development Fund accounted for 35 percent of the country's total investment in 2017. In order to develop the mining industry in the Republic of Uzbekistan, to strengthen the effective use of natural resources, the investment projects implemented by the Recovery and Development Fund are focused on the development of this sector. In particular, the organization of the production of synthetic liquefied fuel based on purified methane in the Shortan gas chemical complex, the construction of 3 new gas desulfurization units, the development of 1 metal mine, the construction of a cement plant, which is considered the most important building material for the construction industry, the organization of the production of ammonia and urea, and other investment projects can be listed.

Electrification of Karshi-Termiz, Pop-Ko'qon-Andijan railway lines, construction of a new thermal power station with a total capacity of 900 MW consisting of two steam gas units with a capacity of 450 MW, construction of a complex for the production of polyvinyl chloride (PVC), rubber soda and methanol, A-373 " Major investment projects, such as the reconstruction of a 58-km-long highway in the mountainous regions of the Tashkent-Osh highway passing through the "Kamchik" pass, and the development of a terrestrial digital transmission network, are being implemented at the expense of foreign investments and loans under the guarantee of the Republic of Uzbekistan. In order to develop the country's economy, especially production, and achieve economic growth, the rational use of



investment funds is of great importance. This, in turn, requires determining the correct direction in the distribution of the country's internal and external investment funds by economic sector. In this context, it is appropriate to determine the effectiveness of investment funds directed to the country's economy.

### **Conclusions and suggestions**

We came to the following main conclusions in our research aimed at studying the development of investment activity in the country and the regulation of investment activity in the context of the modernization of the national economy:

- effective use of the potential of each region by proportionately placing enterprises with a share of foreign investment in the regions of the republic;
- it is desirable that the goods and services produced by the enterprises with foreign investments should be aimed at satisfying the domestic markets as well as the foreign market;
- strengthening the capital accumulation processes in various sectors of the economy, regulation by expanding the solvency of the population;
- optimization of the tax system, i.e. classification of tax rates and further improvement of tax benefits;
- production of credit policy, antimonopoly measures of state norms and standards, privatization of state property and price policy;
- to improve the conditions of use of land and other natural resources (necessary raw materials), increase the level of use of local resources as much as possible;
- development of market information service, activation of marketing service activities and foreign economic legislation;
- to strengthen measures for the production of products intended for export based on the agricultural potential of the regions;
- development of the concept of "Industrial Development in the Regions" aimed at increasing the effectiveness of regional programs for attracting foreign investments to the national economy, increasing investment attractiveness;
- deepening the implementation of structural changes in industrial sectors and sectors, which ensure the rise of the place and role of our country in the world distribution of labor, etc.

The following practical proposals and recommendations were developed in order to solve problems related to the regulation of investment activity:

- it is necessary to use the opportunity to attract foreign investments to the national economy on a large scale by selling securities of economic entities in our country, including state enterprises, on international securities markets;
- at all stages of economic management, it should be aimed at stimulating the rate of growth of savings and reducing the level of consumption;
- strengthening the incentive functions of taxes and subsidies within the framework of the investment activity regulation system.



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