

# Improving the mechanism of attracting foreign investments directly to the market of Uzbekistan.

**Khodjamov Asliddin**

*Tashkent State University of Economics  
2nd stage student of the Faculty of Economics*

**Annotatsiya:** *Islom moliyasi dunyosi tobora kengayib bormoqda va bu jarayonda AAOIFI tashkiloti islom moliya institutlari uchun hisobot va audit standartlarini ishlab chiqish, islom moliyaviy amaliyotlarini tartibga solish va rivojlantirishda muhim rol o'ynamoqda. Ushbu maqolada AAOIFI tashkiloti, uning institutsional a'zolari va AAOIFI standartlarini O'zbekistonda joriy etish istiqbollari hamda AAOIFI va O'zbekiston Respublikasi Markaziy banki o'rtasidagi aloqalarni mustahkamlash masalalari yoritiladi.*

**Kalit so'zlar :** *AAOIFI, Markaziy bank, Islom moliyasi, standartlashtirish, sertifikat, kadrlarni tayyorlash.*

**Abstract:** This article highlights the increase in the flow of investments due to the attraction of foreign direct investments to the economic sectors and markets of Uzbekistan and the achievement of balance of payments balance in the country, as well as the reforms carried out in the country in recent years. . It is stated that every investment will ensure the country's currency stability and reduce the inflation rate.

**Key words:** Foreign, capital, savings, balance of payments, inflation, mechanism, entrepreneurship.

## INTRODUCTION

Today, almost every expert and business entity understands well that the future development of the economy of every country mainly depends on investments. Accordingly, it is not difficult to understand that the wider attraction of investments, especially foreign investments, to the economy of our republic today is due to the fact that they have become an important basis for ensuring the effective implementation of economic reforms in our country. Investments, including foreign investments, are of great importance in the social, economic and political development of the country. It is known that any country cannot develop without studying world experiences, without accepting the achievements of the world's leading countries in the field of science, science and technology. Legal documents on investment in the Republic of Uzbekistan have been adopted since 1991, and they have been significantly improved over the past time. According to the Law of the Republic of Uzbekistan "On Investment",



"investment is money spent to obtain economic results (profit, income) or to achieve a positive social result, deposits in banks, shares, securities (stocks, bonds), technologies, machinery, equipment, licenses and any other productive assets". In macroeconomic policy, the existing connection between the interest rate and the volume of investment is taken into account and widely used. The amount of interest rate is an important tool of monetary policy. The state regulates the money supply in the country by changing it. An increase in the interest rate means an increase in the value of money and a decrease in the demand for it. Therefore, investment costs will also decrease. In turn, a reduction in investment costs means a decrease in national production in the future. State regulation of investment activities, depending on the degree of economic liberalization and the expansion of foreign investment attraction, includes direct foreign investments in new projects, as well as the involvement of a large number of private business entities in investment activities. It is important to stimulate the flow of foreign investments, and at the same time reward the participation of national economic entities in this activity. Thus, the task of regulating investment relations by the state is, on the one hand, to increase the flow of direct foreign investments, and on the other hand, to expand the investments of private ownership entities in the national economy.

## **LITERATURE ANALYSIS AND METHODOLOGY**

The theory of investments has gone through several stages in its historical development. According to V. V. Aladin, the first signs of investments can be seen in the scientific works of the Austrian school of economists (Behm-Baverk). According to the author, in the 20s and 30s of the last century, with the emergence of the theory of finance as a science, I. Fisher's scientific work on the theory of interest rates was born. According to Edwin J. Dolan, Colin D. Campbell, and Rosemary J. Campbell, in the modern market economy, annual household expenses are smaller than income. Household income from goods and services, as well as other taxes and fees, is called savings. It is known that in the socialist economy, when talking about savings, it was understood only the free money at the disposal of the population. However, in the conditions of a modern market economy, savings can be at the disposal of enterprises and the state. Investments are made in the form of capital investments, as well as new constructions, expansion, reconstruction and technical re-equipment of existing enterprises, purchase of equipment, inventories, project products.

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money at the disposal of the population. However, in the conditions of a modern market economy, savings can be at the disposal of enterprises and the state. Investments are made in the form of capital investments, and include expenses for new constructions, expansion, reconstruction and technical re-equipment of existing enterprises, purchase of equipment, inventories, project products. Economic sciences and practice emphasize that the terms "investment" and "capital investment" are not the same concept, that is, they are not synonymous words. Investments is a broad, comprehensive concept of capital investment. When talking about investments in Western literature, the main focus is on the stock market, because in developed countries, investments are made mainly through securities. In foreign economic literature, investment and investment problems are widely covered in the scientific works of J. Keynes, P. Masse, K. McConnell, S. Brew, E. Dolan, U. Sharp and other scientists. because in developed countries, investments are made mainly through securities. In foreign economic literature, investment and investment problems are widely covered in the scientific works of J. Keynes, P. Masse, K. McConnell, S. Brew, E. Dolan, U. Sharp and other scientists. etc.), then this category is reserve, otherwise, if this indicator is measured as a dynamic category depending on time, then this flow belongs to the category. Such an approach, in our opinion, reflects the connection between the essence of "capital investment" and "investment". In order to give a single and complete definition of the concept of investment, it should be considered more widely. Investment content has its own characteristics in different parts of economic science and in different fields of practical activity.

## ANALYSIS AND RESULTS

It is very important to attract investments and create good conditions for investors. Of course, in any country where such conditions exist, if a favorable business environment is formed, the flow of investors to that country will increase. With the increase of investments, positive changes begin to occur in the economy. In the state regulation of investment relations, improvement of the legal basis of state investment activities, application of a tax system that differentiates taxpayers and objects of taxation, tax rates and related benefits, establishment of norms, rules, standards, application of anti-monopoly measures, credit carry out policy and price policy and determine the terms of ownership and use of other natural resources, determine the mechanisms of examination of investment projects, etc. Uzbekistan has all the conditions for joining the group of countries where huge foreign investments are directed, and a number of advantages for attracting foreign investments. In this regard, it plays an important role in front of the world community with its level of socio-economic development, geographical location on the world map, composition and reserves of natural resources, economic policy conducted by the government, etc. According to the decree of the President of the Republic of Uzbekistan dated January 28, 2019 "On measures to improve the management system in the field of investment and foreign trade" No. PF-5643, the Ministry of Foreign Trade and State Investment Ministry of Investments and Foreign Trade was established on the basis of this law. The Ministry of Investments and Foreign Trade is responsible for implementing a unified state investment policy in the country, coordinating the attraction of foreign, first of all, direct investments, cooperation with



international financial institutions and foreign government financial organizations, as well as in the field of foreign trade and international economic cooperation. is an authorized state body responsible for the formation and coordination of state policy.

The creation and implementation of a fully formed, completed investment project generally includes the following stages:

- formation of an investment idea;
- investment opportunities research;
- feasibility study of the investment project;
- preparation of contract documents;
- preparation of project (working) documents;
- construction and assembly works;
- commissioning of the facility and monitoring of the investment project (economic indicators).

The implementation of the state policy that provides favorable conditions for the development of private entrepreneurship and the attraction of investments in this area requires constant improvement of the institutional and legal system. The effective operation of this system requires that all its elements are constantly interacting and coordinating their activities with very little duplication of each other's tasks. The Law "On Guarantees of Freedom of Entrepreneurial Activity" led to the improvement of state activity in the field of development of legal bases of small business regulation. At the same time, it should be said that in the conditions of formation of market relations, state support for small entrepreneurship should not lead to an imbalance in market mechanisms that are used selectively.

We believe that it is appropriate to make the following suggestions and recommendations for improving the attraction of foreign direct investment to the regions:

- qualified in the regional centers in order to organize the development of carefully economically based investment projects in the "driver" areas of attracting foreign and domestic investments that ensure economic growth in the regions, monitor them, and provide legal assistance to investors it is necessary to establish a "Project Factory" involving specialists;
- re-examining the operation of former industrial zones in the regions and giving the determined free land areas and vacant production buildings to foreign investors on the basis of investment obligations;
- With the support of the embassies of Uzbekistan abroad, it is desirable to attract potential entrepreneurs living abroad and of ethnic Uzbek origin, who are highly interested in doing business in our country, to the implementation of promising investment projects in the regions.



## CONCLUSION

In order to increase property (buildings, structures, machines, etc.), human capital (skills, health of people), as well as increase the innovative potential of the country, investments are as necessary as water and air for the economy of Uzbekistan. Investments are a source of economic growth and human well-being in many ways. In this case, the role of direct investment is very important, because a foreign investor, as a rule, brings not only funds, modern technologies, invaluable production and commercial experience, thanks to which, in a short period of time, it meets world standards. and specific competitive production can be established. The situation in attracting investments in our country, to put it mildly, is simply abysmal. According to the World Bank, the rate of foreign direct investment attraction per capita in Uzbekistan is the lowest among the countries of the former union. Taking this into account, we can see that the flow of investments has increased during the period of independence, and especially after 2017. All this is due to the reforms carried out by our honorable president Shavkat Miromonovich Mirziyoyev in recent years. In general, investments, especially foreign investments in all sectors, lead to great economic changes and a prosperous life of our people.

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