



FOREIGN INVESTMENT IS THE BASIS FOR ECONOMIC DEVELOPMENT

Musobek Samijonov

Master Student of Tashkent State University of Economics

Nurbek Halimjonov

Master Student of Tashkent State University of Economics

Abstract: *This article discusses the significance of foreign investment in the development of the country's economy and their content. There are also proposals for measures to stimulate foreign investment in our national economy.*

Keywords: *foreign investment, net investment flow, investment climate, transition economy, fixed capital, investment.*

Introduction. At the present days, countries consider foreign investment as the basis for the development of their economies. Not only is foreign direct investment a major driver of globalization, but it also plays an important role in strengthening the economy in the process of globalization. It provides additional capital to countries' production processes and is directly involved in boosting economic growth. “Foreign direct investment is a net investment in the country's economy. It also means reinvesting long-term and short-term capital and savings” [1].

Materials and Methods. The growth of foreign investment requires a favorable investment climate in the country. The more favorable the business environment for investors in the country's economy, the greater the inflow of foreign investment into the economy, and the greater the interest and confidence of foreign investors in investing in the country's economy. Accelerated development of the country's economy can be achieved by increasing the volume of foreign investment. In general, there are two types of foreign investment. These are foreign portfolio investments and foreign direct investment. While foreign portfolio investments are mainly made in securities (stocks, bonds and other securities), foreign direct investment is directed to the creation of new enterprises, modernization of existing enterprises, production, business activities such as increasing the volume.

“There are factors that determine the attractiveness of a transition economy, the attraction of foreign direct investment by countries, and they can be divided into five groups:

- ✓ market factors (domestic market and export opportunities);
- ✓ availability of rich natural resources;
- ✓ production cost factors;
- ✓ investment medium;
- ✓ the country's economic development strategy” [2].



Results and Discussions.

Over the past five years, the share of investment in the economy of our country is growing. The inflow of foreign investment into the Uzbek economy is also growing rapidly. The basis for this is the following factors:

- ✓ stability of the investment climate in the country;
- ✓ positive changes in exchange rate regulation;
- ✓ clear directions for improving the country’s tax mechanism have been identified;
- ✓ development of decisions and laws regulating the activities of foreign investment in tax legislation;
- ✓ the emergence of a favorable price situation for exporters in world commodity markets.

Evidence of this can be found in the following statistics.

Table 1.

Per capital investments in fixed assets in the Republic of Uzbekistan (million sums).

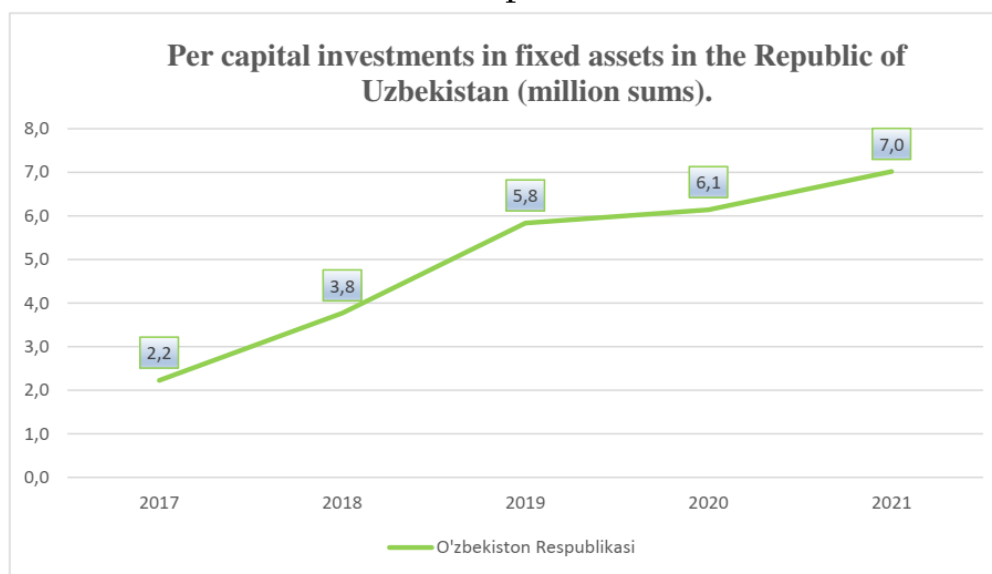
Area	2017y.	2018y.	2019y.	2020y.	2021y.
Republic of Uzbekistan	2,2	3,8	5,8	6,1	7,0

Source: <https://stat.uz/uz/rasmiy-statistika/investments> (the table was created by the author on the basis of data from the Statistics Committee of the Republic of Uzbekistan).

Also, according to Table 1, the amount of per capital investment in the Republic of Uzbekistan in 2021 increased by almost 3.2 times compared to the base year. In other words, per capita investment in 2017 was 2.2 million sums, and by 2021 this figure will increase to 7.0 million sums.

Per capital investments in fixed assets in the Republic of Uzbekistan (million sums).

Graph 1



Source: <https://stat.uz/uz/rasmiy-statistika/investments> (the graph created by the author based on data from the Statistics Committee of the Republic of Uzbekistan).



The growing number of new enterprises with foreign investment and the construction of new ones are the result of the state's great attention to this area and the facilities it provides to them. Therefore, one of the most important issues is to provide economic incentives and create the necessary conditions for enterprises that attract foreign investment to our country. Therefore, it is necessary to take the following measures to increase the attraction of foreign investment in our national economy:

- ✓ reduce the impact of inflation on the growth of value of investment projects, as well as further increase the volume of foreign investment;

- ✓ attracting investment in the real sector of production, in the processing of raw materials;

- ✓ reducing the tax burden and simplifying the tax system for investors in order to create a more favorable investment climate for foreign investors

- ✓ strengthening efforts to attract long-term, low-interest foreign direct credit resources;

- ✓ establishment of state support funds for foreign investors based on foreign experience.

Conclusion. The implementation of the above proposals will have a positive impact on further attracting foreign investment to our national economy. As a result, the continuous technical and technological renewal of production, the implementation of profound structural changes in the economy, the gradual continuation of industrial modernization and diversification will allow us to fully implement the investment policy in the future.

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