

## INVESTING IN THE DEVELOPMENT OF THE NATIONAL ECONOMY REPUBLIC OF UZBEKISTAN

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**Annotation:** The article discusses the essence of investments, highlights their functions in socio-economic systems of various levels. Analysis of investment activity, investment structure allowed the author to prove the significant role and importance of investment processes in ensuring the sustainable functioning of the economy.

**Keywords:** investments, structure of investments, sources of investments, economic development, functions of investments.

Today it has become obvious that a necessary condition for the sustainable development of the republic is high investment activity, which is achieved through the attraction and efficient use of internal and external resources. The relevance of this provision is confirmed by the words of the President of the Republic of Uzbekistan Sh.M. Mirziyoyeva: "... for the development of the economy at a high pace, we need an active investment policy". Further liberalization of the economy, expansion of economic freedoms of business entities and the scale of private property in all spheres of the national economy, strengthening of international economic relations stimulate the successful implementation of work to attract and use investment. The term "investment" comes from the Latin word "invest", which means "to invest". In a broad sense, investments are investments of capital with the aim of its subsequent increase. At the same time, the capital gain should be sufficient to compensate the investor for refusing to use his own funds for consumption in the current period, reward him for the risk and compensate for losses from inflation in the future period.

Modern reality shows that over the years of independence of our republic, the total volume of foreign investments in the economy has exceeded 15 billion dollars. As experience shows, investments, combined with national natural production and labor resources, create a high cumulative effect when introducing advanced technologies, modern methods of management and organization of production, and more actively involving local, often previously unused wealth in the economic circulation. Investors not only invest in national enterprises, reconstruct and technically re-equip them, but also open access to world markets, which improves the adaptation of economic entities to civilized market relations, helping to raise their production and financial and economic activities to the relevant world standards. Therefore, stimulating investments help to increase the efficiency of use and necessitate their need to maintain and improve favorable conditions and a preferential market in the republic.

World experience quite convincingly shows that the attraction and use of investments contributes to the development of the economy and serves as a powerful stimulus for socio-economic reforms.

The idea that investment is the engine of the economy, ensuring its movement forward, is an axiom of any economic theory. Each state should make efforts to attract, first of all, both domestic and foreign investors to the sphere of material production. To this end, a certain investment policy is being developed and implemented, and an appropriate investment climate is being formed. Economic reforms, consistently implemented in independent Uzbekistan, involve the achievement of rational sectoral, reproductive and territorial proportions, the development of integration processes, ensuring

economic growth, etc. The solution of the totality of these problems is closely related to the implementation of an appropriate investment policy, the formation of an effective system of regulation and support of investment processes.

In the regulatory and legislative definition of investments, capital investments are interpreted as investments in fixed capital, including the costs of new construction, expansion, reconstruction and technical re-equipment of existing enterprises, the purchase of machinery, equipment, tools, inventory, design and survey work and other costs. Investments, in addition to investments in fixed assets, can be made in working capital (real investments) and various financial instruments, such as shares, bonds, derivatives (financial investments). Consequently, investments are a broader concept than capital investments, which means that their identification is illegal. The given definitions of investments given by various authors mainly contain a description of the methods of capital allocation, they compare and analyze the efficiency of capital allocation in various securities, but the authors do not draw conclusions about the impact of investments on the cost of capital of an enterprise, its development and the methodology for calculating such an impact. The essence and significance of investments in the modern economy reflect the functions they perform. The following functions of investments at the macro level can be distinguished:

- the process of simple and expanded reproduction of fixed assets, both in production and non-production areas;
- the process of providing and replenishing working capital;
- the transfer of capital from one area to another through the purchase and sale of financial assets;
- redistribution of capital between owners by acquiring shares and investing in assets of other enterprises

The direction of investments to increase the real capital of society (acquisition of machinery, equipment, modernization and construction of buildings, engineering structures) contributes to an increase in the production potential of the economy. Investments in production, in new technologies help to survive in tough competition (both in the domestic and foreign markets), to go one step forward, to be able to regulate prices for their products more flexibly, etc. On a macroeconomic scale, current wealth is largely the result of yesterday's investment, and today's investment, in turn, lays the foundation for tomorrow's gross domestic product growth and, consequently, higher wealth. Thus, the importance of investments cannot be overestimated, since they directly determine the growth of the economy. For the economy of the Republic of Uzbekistan, investments are necessary, first of all, for the stabilization and development of industry. At the micro level, investments are necessary, first of all, to achieve the following goals: expansion and development of production; prevention of excessive moral and physical depreciation of fixed assets; raising the technical level of production; improving the quality and ensuring the competitiveness of the products of a particular enterprise; implementation of environmental protection measures; acquisition of securities and investments in the assets of other enterprises. Ultimately, investments are necessary to ensure the normal functioning of the enterprise in the future, a stable financial condition and maximizing profits.

Sh.M. Mirziyoyev The President of Uzbekistan, declaring 2019 the Year of Active Investment and Social Development, said that private business and foreign investment should become the main factors for future growth<sup>2</sup>. So far, this new approach has not yet been fully implemented, and the country has yet to develop and implement a number of reforms, but the first results are already visible. And as practice shows, investments in fixed assets in the Republic of Uzbekistan for 2020 compared to the corresponding period of 2019, there was a decrease in investment activity, the growth rate of development of investments in fixed assets amounted to 91.8%. According to the State Committee of the Republic of Uzbekistan on Statistics, in 2020, 202.0 trillion. sum of investments in fixed capital, of

which 65.4%, or 132.0 trillion. UZS, financed at the expense of borrowed funds, the remaining 34.6%, or 70.0 trillion. soums, - at the expense of own funds of enterprises and population. Of the total, from centralized sources of financing, 39,310.2 billion soums of investments in fixed assets, or 19.5%, were disbursed, which is 8.0 p.p. less compared to 2019. Accordingly, 162,289.9 billion soums of investments, or 80.5% of their total volume, were disbursed from non-centralized sources of financing, which is 8.0 p.p. more than in 2019. along with this, one can see in general the development of investments in table 1.

**Table 1. Development of investments in fixed capital of the Republic of Uzbekistan for 2020**

Centralized investments 39 310.2 billion soums	In total, investments in fixed capital were disbursed 202,000.1 billion soums	Non-centralized investments 162 689.9 billion soums
Foreign loans guaranteed by the Republic of Uzbekistan 22,467.1 billion soums	Assimilated foreign investments and loans in fixed assets 86 647.0 billion soums	Direct foreign investments and loans 64 179.9 billion soums

Due to foreign direct investment, 28,740.5 billion soums were disbursed, which, compared to 2019, is 5.3 percentage points less, or 14.2% of their total volume. As can be seen from Fig. 1. in the Republic of Uzbekistan in 2020, 28520.9 billion soums were disbursed at the expense of bank loans and other borrowed funds (14.1% of the total investment in fixed assets and this figure, compared to 2019, increased by 0.3 percentage points), foreign loans guaranteed by the Republic of Uzbekistan, amounting to 22467.1 billion soums (11.1% decreased by 3.1 percentage points), other foreign investments and loans - 35439.4 billion soums (17.6% increased by 7.7 percentage points), the Fund for Reconstruction and Development - 1,814.6 billion soums (0.9% decreased by 2.5 percentage points), the Republican budget - 13,081.3 billion soums (6.5% decreased by 2.5 p.p.), the Fund for the Development of Water Supply and Sewerage Systems - 1,947.2 billion soums (1.0% increased by 0.1% p.p.). n.) of their total volume.

The whole process of studying the essence of investments and their role in the development of an enterprise showed that the definitions of investments given by various authors mainly contain a description of the methods of capital allocation, they compare and analyze the efficiency of capital allocation in various securities, but the authors do not draw conclusions about the impact of investments on the cost of capital of the enterprise, its development and the methodology for calculating such an impact. At the same time, the development of an enterprise is directly related to the success of its investment activities.

The considered essence and functions of investments at the macro- and micro-levels led to the conclusion about the exceptional importance of investing funds and investment processes for the economy, and first of all for simple and expanded reproduction, structural transformations, profit maximization and enterprise value. The direction of investments to increase the real capital of society (acquisition of machinery, equipment, modernization and construction of buildings, engineering structures) contributes to an increase in the production potential of the economy. Investments in production, in new technologies help to survive in tough competition (both in the domestic and foreign markets), to go one step forward, to be able to regulate prices for their products more flexibly, etc.

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