



## ROLE OF FOREIGN INVESTMENTS IN OUR NATIONAL ECONOMY AND FACTORS AFFECTING IT

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<https://doi.org/10.5281/zenodo.8414482>

**Abstract:** In this article, the attraction of foreign investments in the economic development of our country is studied. Investments, including foreign investments, play an important role in the rapid development of the economy and the introduction of innovations in production, as well as in ensuring investment stability and high rates of economic growth in the economy of our country. Increasing attention to investments has led to the development of investment activities in our country.

**Keywords.** Foreign investments, national economy, innovations, direct investments, efficiency, budget, finance, investors.

The term "investment" comes from the Latin word "invest" which means "put", "mobilize funds", "capital investment". In a broad sense, investment refers to the mobilization of capital for the purpose of increasing and retrieving funds. In most cases, the concept of "investment" is defined in the form of tangible and intangible benefits and rights related to economic and other objects of activity. Investment means all kinds of national and intellectual wealth, which must be directed to the objects of business activity and bring income or achieve some positive effect. The main purpose of making an investment is to make a profit and achieve a positive social effect.<sup>1</sup>

It is not enough to explain the priority given to working capital in investment only by the structural structure of the capital. The fact is that in the period of initial capital accumulation, in order to accumulate money quickly, it happens that it is placed in the sectors of fast capital circulation, because in this case, a high rate of profit occurs. Where the rate of profit is high, it is possible to capitalize it. This factor also creates an incentive to convert money into working capital in the private sector. Inability to operate economically according to market requirements leads to an increase in costs, which leads to losses even in conditions where prices have not changed. This, of course, limits the possibility of providing investments at the expense of one's own funds.

### ANALYSIS AND RESULTS

Foreign investments are all property, financial, and intellectual assets mobilized by foreign investors to the economy, entrepreneurship, and other activities of another state in order to achieve high income and efficiency. Thus, "Investment" can be understood as all types of property, financial and intellectual assets that are invested by investors or the state in various sectors of the economy in order to obtain effective results in the future or to achieve social benefits. All these assets are considered important in the formation of investments and

<sup>1</sup> O'zbekiston Respublikasi Prezidentining 2019 yil 29 apreldagi "Respublika iqtisodiyotiga to'g'ri ridan-to'g'ri xorijiy investitsiyalarni jalb qilish mexanizmlarini yanada takomillashtirish chora-tadbirlari to'g'risida"gi PQ-4300-sonli Qarori.

have an impact on their general condition. The formation of wealth shows the effect of the economic reforms carried out in the country and serves to further improve their results.

In other words, investments are the introduction and direction of financial, property and intellectual wealth in various forms of ownership in order to achieve economic and social efficiency.

As an economic category, investments can be characterized as follows:

- attracting, directing and investing funds to almost all objects of entrepreneurship to increase capital;

It can also be seen as economic relations between the participants of investment activity during the implementation of projects.

Foreign investments are mainly influenced by 3 groups of factors:

1. Economic factors:

- maintaining the development of production and the rate of economic growth;

- deepening of international specialization and cooperation of production;

- implementation of deep structural shifts in the economy of the world and individual countries (especially under the influence of scientific and technical progress and the development of the world services market);

- the growth of transnationalization of the world economy (for example, the volume of production of foreign branches of US multinational corporations (TMCs) is 4 times more than the export of US goods);

- active development of international economic relations, etc.

2. Political factors:

- liberalization of capital export (import) (free economic zones, offshore areas, etc.);

- conducting industrialization policy in developing countries;

- carrying out economic reforms (privatization of state enterprises, support of the private sector and small business);

- carrying out a policy of keeping the level of employment, etc.

3. Social factors:

- attitude of the local population to private property and foreign investments;

- social activity of the working class;

- level of integrity of democratic consciousness in society;

- the intellectual potential of the population at all levels;

- existence of advanced ideas on social development of the society;

There are the following types of foreign investment: capital, innovation and social investment.

There are 5 main requirements for attracting investments:

1. presence of strong and almost perfect investment managers in the country;

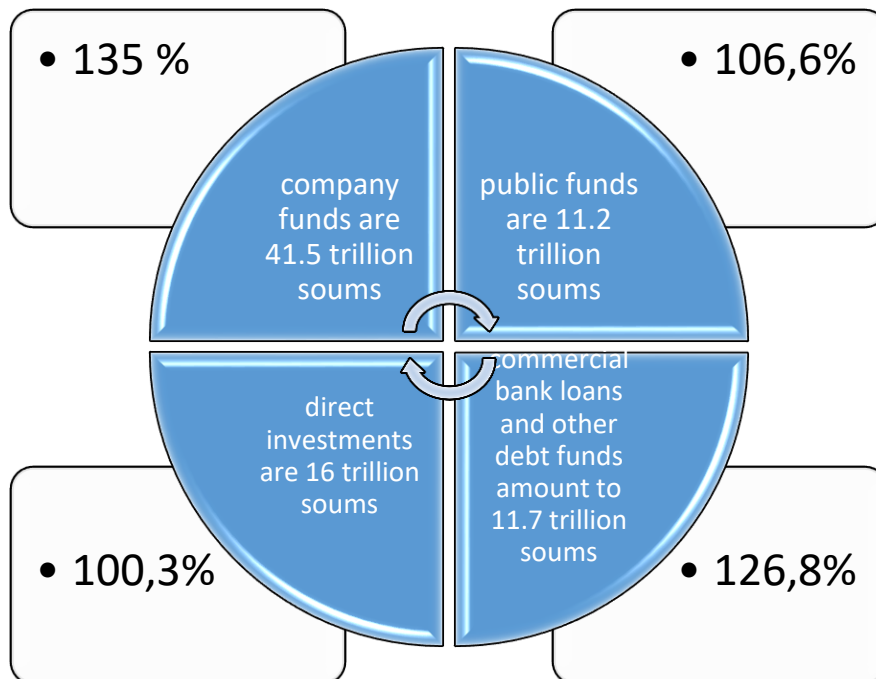
2. the competitiveness of the products and services provided in the country should be superior compared to other similar products and services in the world markets;

3. the country should occupy a large volume of the world market by showing products or services that are not available in any other country;

4. absence of legal obstacles that clearly exist or may exist in the future;

5. In the future, the country should have a clear plan and a clear strategy for its development.

26.8 trillion due to unguaranteed and other foreign investments and loans. Soum investments were absorbed, and the share of investments in total capital decreased by 0.2 percentage points compared to the corresponding period of 2021 and amounted to 22.0%.



**Figure 1 Investments in fixed capital from centralized financing sources compared to 2021 in trillion soums<sup>2</sup>**

48004.3 billion in 2022. soums (USD 4.3 billion in dollar equivalent) or 91.8% of foreign investments and loans to the main capital compared to the corresponding period of 2021.

The share of foreign investments and loans in total fixed capital investments was 39.4%.

As part of foreign investments and loans, foreign investments amount to 18,328.6 billion. soums and foreign loans, respectively, 29675.7 bln. organized soums

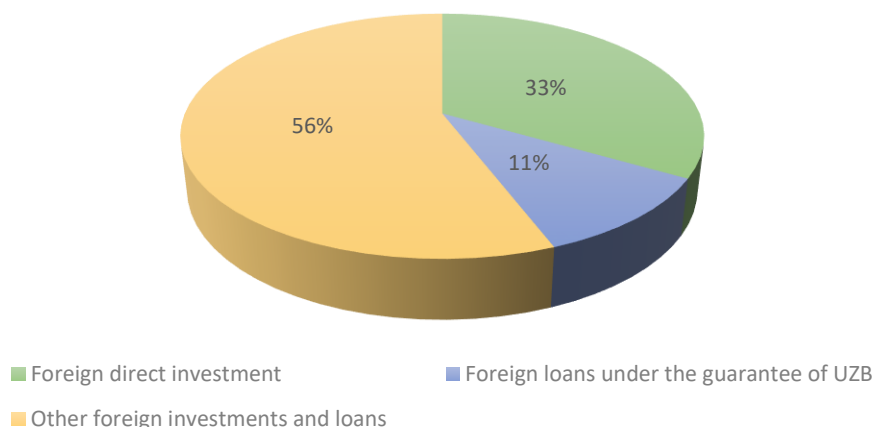
42818.5 billion in the current period due to foreign direct investment and loans. if soums were appropriated, 5185.2 billion under the guarantee of the Republic of Uzbekistan. Soums of foreign loans were absorbed.

Foreign direct investment in the structure of foreign direct investment and loans is 16,007.0 bln. soums, other investments and unsecured foreign loans amounted to 26,811.5 billion soums. (Figure 2)

<sup>2</sup> O'zbekitoston Statistika Qo'mitasi [www.stat.uz](http://www.stat.uz)



Foreign investment and loans, billion soums

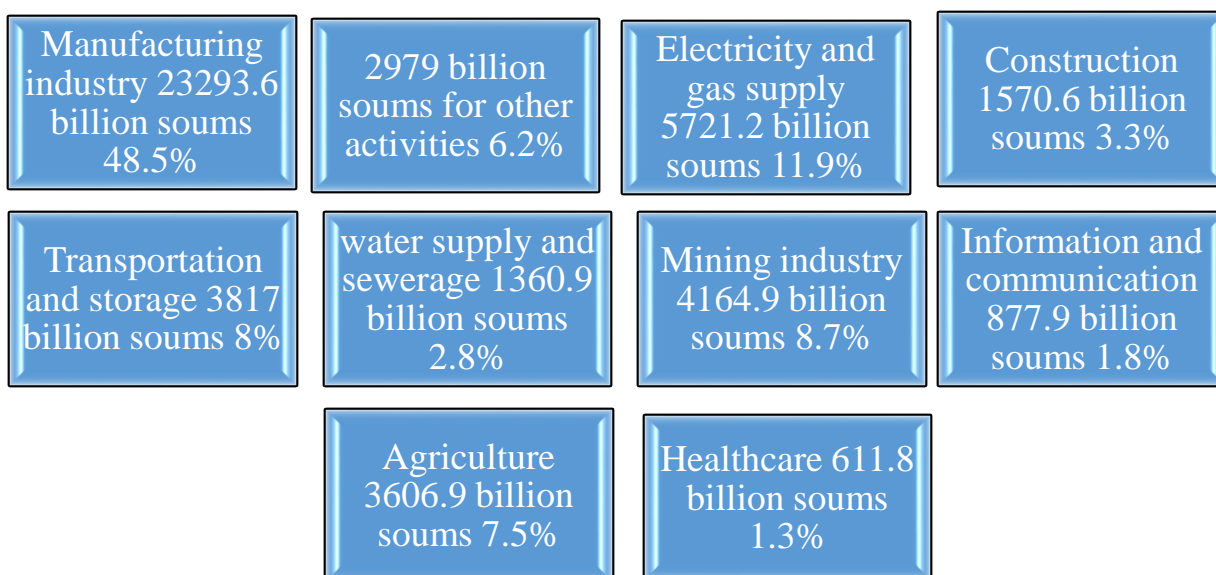


**Figure 2. Foreign investment and loans, billion soums<sup>3</sup>**

In 2022, foreign investments and loans in the processing industry of the Republic of Uzbekistan will be significantly absorbed, amounting to 23,293.8 billion soums, or 48.5% of total capital investments. This indicator is 5,721.2 billion soums in the activity of providing electricity and gas soums or 11.9% of total foreign investments and loans.

The processing industry is the leader in the composition of investments in fixed capital in terms of types of economic activity. 38,291.5 billion soums from the total sources of financing in this type of economic activity. Soums or 31.4% of investments made in the total fixed capital have been absorbed.

A total of 7,918.0 billion soums or 6.5% of the total investments in the country were absorbed in the mining industry, of which 4.2% or 5,085.0 billion soums were invested. Soums belongs to the field of crude oil and natural gas production. (Figure 3)



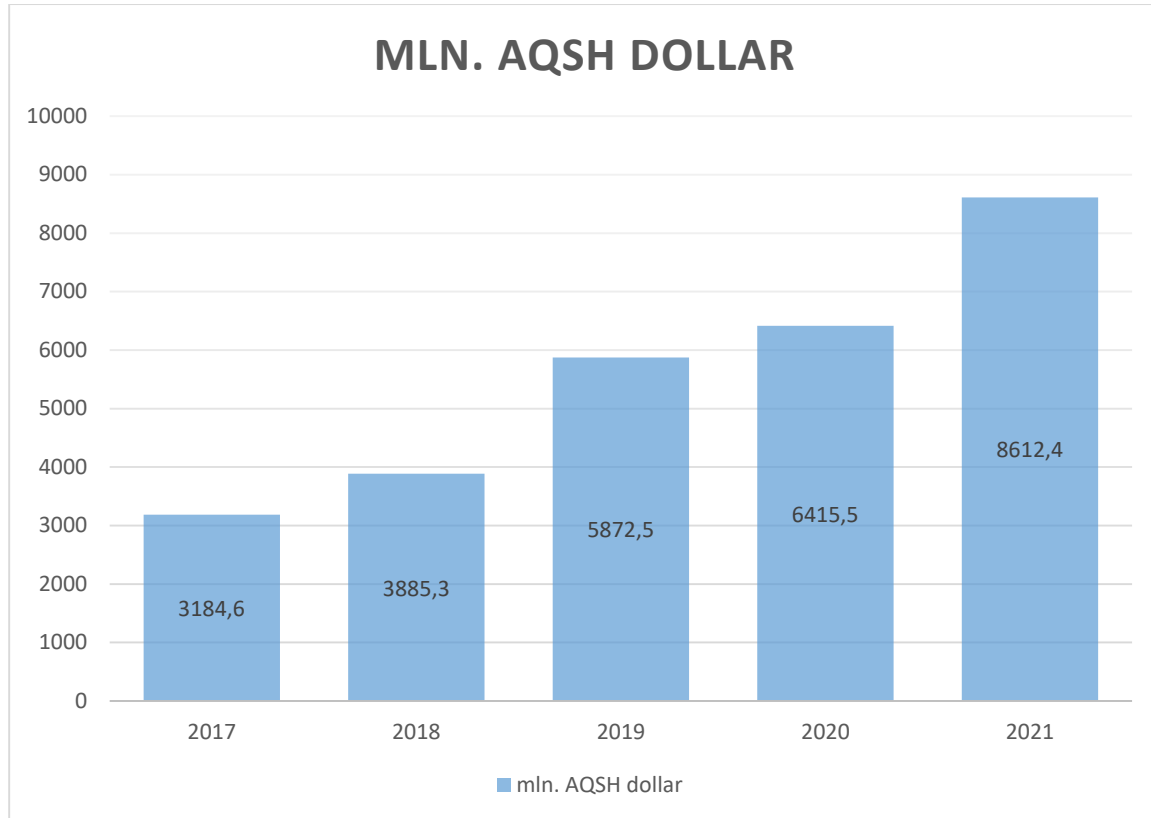
**Figure 3 Composition of foreign investments and loans by types of economic activity, in %<sup>4</sup>**

<sup>3</sup> O'zbekitoston Statistika Qo'mitasi [www.stat.uz](http://www.stat.uz)

<sup>4</sup> O'zbekitoston Statistika Qo'mitasi [www.stat.uz](http://www.stat.uz)



Direct and other foreign investments and loans under the influence of an active investment policy aimed at stimulating direct and other foreign investments and loans in the economy of Uzbekistan share is increasing sharply. In particular, in 2017-2021, the volume of direct and other foreign investments and loans increased by almost 3.5 times. During this period, the average annual growth rate of direct and other foreign investments and loans is higher than 50 percent.



**Figure 4. Absorption of direct and other foreign investments and loans in 2017-2021 (million US dollars)<sup>5</sup>**

**CONCLUSIONS AND SUGGESTIONS**

In conclusion, we can say that the essence of the economic reforms carried out in our country is the successful introduction of a socially oriented market economy. The laws adopted in our country create clear socio-legal foundations for the formation of a multi-level economy, which allows for the widespread use of socially oriented market relations.

The influence and position of Uzbekistan in the international economic arena is growing significantly and regularly. In this case, the head of our country, Shavkat Mirziyoyev, carefully developed the strategy of socio-economic development, the goals and tasks of economic reforms, and clearly and correctly indicating the ways of implementation, made it possible for the achievements and milestones on the way to the main goal to be significant. created

By implementing investment projects, it allows to make fundamental changes in the economy, and it serves as a guarantee of development and creation of new jobs in the economy. In the conditions of modernization of the economy, it is impossible to imagine bringing modern technologies to our country and carrying out the processes of updating and

<sup>5</sup> O'zbekitoston Statistika Qo'mitasi [www.stat.uz](http://www.stat.uz)



modernization of industrial production without investment activities. Attracting investment projects not only improves the state economy, but also has a great effect on improving the standard of living of the population. That is, a large part of household needs will be satisfied, production will expand, new labor forces will be formed, the old and heavy work life will be changed to a new, light and effective work activity. The level of future economic growth of the state will be determined by the investment projects and investment processes involved today. At the current stage of market reforms in our country, investment policy is an important factor determining stability, structural and qualitative changes in the economy. The ongoing investment policy makes it possible to create an all-round favorable investment environment for foreign and local investors in our country.

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