

ANALYSIS OF THE CURRENT SITUATION AND ABSORPTION OF FOREIGN INVESTMENTS ATTRACTED TO SMALL BUSINESS SECTORS IN NAMANGAN REGION

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Abstract: In this article, the analysis of the current situation and absorption of foreign investments attracted to small business sectors in Namangan region and the prospects of effective use of the favorable investment environment in attracting foreign investments are presented.

Key words: small business, foreign investment, investment environment, investment activity, investment attractiveness, efficiency.

Introduction

Improving the legal, socio-economic and other conditions that ensure the attraction of foreign investments to the national economy, consistently conducting an open-door policy for foreign investments, incorporating funds in the priority areas that ensure the country's economic independence are the main principles of the economic policy conducted in our republic. The effectiveness of the economic policy is primarily determined by the implementation and correct implementation of the territorial policy.

Territorial policy is the state regulation of socio-economic development of the first and second regions. Its main task is to bring the level of socio-economic development of all regions of the country as close as possible to each other due to the rational use of existing opportunities, to minimize territorial differences in the distribution of material goods between different layers of the population, to reduce the administrative tasks of the government, and to reduce the administrative tasks of the local government and self-government bodies. should be focused on increasing the authority.

Territorial policy is the elimination of territorial inequalities that hinder the overall socio-economic development of the country and serve to create social disagreements. Central governments, regional and local government bodies of different countries use various tools to eliminate such differences, depending on factors such as the level of socio-economic development of the country, the type of state structure, internal problems, and the goals of the parties in power.

Before the implementation of regional policy, first of all, the causes of territorial inequalities in the country are studied. It is necessary to pay attention to the following:

- the impact of sharp differences in natural and climatic conditions on the living conditions and business activities of the residents of some regions of the country;
- the size, quality and level of use of existing natural resources in the regions;
- increase in transport costs, increase in product prices as a result of the location of regions in remote regions. This, in turn, leads to a narrowing of the market. In addition, poor transport and communication links make the economic development of remote regions difficult;

- differences in the stage of technological development, such as raw material resources, intermediate products, finished products and services, affecting the production of one or another type of product;
- the degree of independence of the region, its borders with neighboring countries, political conditions, history of development, etc.;
- production infrastructure: airports, transport networks, industrial areas, telecommunication systems, etc. to be provided with;
- socio-cultural factors: level of urbanization, education of the population, presence of scientific centers, etc.

In many countries with developed market economies, regional policy is conducted in three directions, which serve to ensure the redistribution of capital investments. In particular, the first direction is to build infrastructure facilities in underdeveloped and industrially underdeveloped regions and improve their connections with other regions. It is known that in countries with a developed market economy, the state does not directly interfere in production, but the creation of economic and legal conditions for the effective functioning of entrepreneurs is the primary duty of the state.

In this regard, the presence of roads and railways, electricity networks, gas and water pipelines, and communication lines will greatly help the development of entrepreneurship in such areas. Therefore, certain works are being carried out in our country to provide rural settlements with natural gas and drinking water, and to improve telecommunication services in order to improve the well-being of the population.

The second direction is the application of restrictive measures (implemented through administrative or financial restrictions) in relation to highly developed and industrialized regions, especially large cities. By restricting the location of new industrial enterprises in such areas, the increase of regional disparities will be avoided. This method is widely used for agglomeration centers in almost all developed countries of the world. Preventing new industrial enterprises from settling in large and big cities, developing small towns, urban settlements and rural settlements are urgent problems in Uzbekistan.

The third direction is to encourage the attraction of foreign and private investments in order to locate industrial enterprises in problem regions. This direction is the main direction that is given important attention by the state in locating enterprises belonging to various sectors of the economy. All of these will contribute to higher economic growth, which is the most powerful tool for reducing poverty in the country. Furthermore, in addition to economic benefits, FDI can help improve environmental and social conditions in the host country through direct technology transfer and more socially responsible corporate policies.

The main focus of our research is the analysis of the main indicators of the Namangan region, the gross regional product and its distribution per capita, as well as the dynamics of investments in fixed capital today and the investments directed to the economy (Table 1).

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Table 1

Main indicators of Namangan region

Indicators	2000	2005	2010	2015	2021	Change in 2021 compared to 2000 (+,-)
GNP, billion soum	171,6	715,5	3364,4	10826,9	34479,8	34308,2
GNP per capita, thousand soums	88,5	342,6	1450,8	4198,4	11892,5	11804,0
Investments in fixed capital, bln. soum	41,9	107,9	660,6	2227,5	12982,0	12940,1
Investments per capita, thousand soums	21,6	51,7	290	863,8	4477,8	4456,2

It can be seen from the table that the gross regional product of Namangan region in 2000 was 171.6 billion. amounted to 34,308.2 billion soums by 2021 compared to the base year. increased to 34479.8 billion soums. amounted to soum. In this regard, the volume of gross regional product per capita in 2021 increased by 11,804.0 thousand soums compared to 2000 and was equal to 11,892.5 thousand soums.

In 2000, the amount of investment in the main capital of Namangan region was 41.9 billion. equal to 12940.1 billion soums in 2021. increased to 12982.0 billion soums. amounted to soum. If in 2000 its share in the gross regional product was equal to 24.4%, then by 2021 this indicator was equal to 37.7%. This, in turn, indicates that positive results are being achieved in attracting investments and using them effectively in Namangan region compared to the Republic.

Currently, as the financial market in Uzbekistan is not sufficiently developed, project financing is implemented in most cases in the form of bank lending. In this case, other methods that are widespread in the world - issuing equity capital, investment funds, bank consortia, pension funds, leasing companies, etc. are not used enough. Leasing, which has a number of advantages, including tax benefits, is one of the most common methods of financing investment projects, but it is not yet sufficiently developed.

Financing the supply of production with new techniques and technologies in Uzbekistan is becoming a problem due to the lack of own funds of enterprises, especially small businesses, as well as the fact that the price of credit given by commercial banks is practically higher than its financial effectiveness in the production of all types of products.

If we take into account that the average period of repayment of loan funds in investment is 5-8 years, since the activity of small business and private entrepreneurship aimed at the production of export products is considered a priority, most of the projects are the way to introduce modern high-performance technologies and equipment that enable the production of competitive products. is

intended to be implemented with

In this regard, loans from commercial banks are mainly used to implement investment processes in Uzbekistan. As commercial banks attract investments to the region's economy, the process of acquiring foreign credit lines and implementing financing at their expense cannot be imagined without cooperation with local governments. Therefore, it is recommended that banks, together with local governments, pay attention to the following issues this year:

- to direct the attracted foreign investments to all regions of our country, and at the same time, to deepen structural changes and diversification of the economy with these funds;
- paying special attention to the modernization of existing capacities and acceleration of technological upgrading, focusing on financing projects for deepening the processes of localization of production on the basis of industrial cooperation;
- allocating funds from foreign credit lines to projects aimed at the production of food products, including the processing of meat, dairy and fruit and vegetable products.

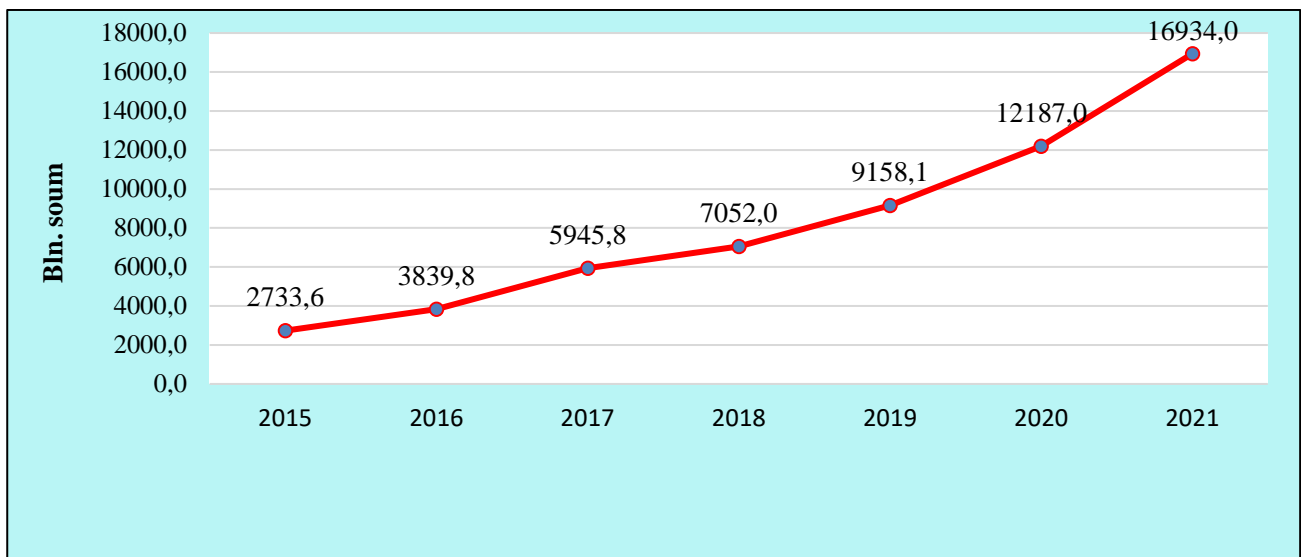


Figure 2. Domestic investments in small business entities in Namangan region in 2015-2021

In Figure 2, the investment in small business entities of Namangan region in 2015 is 2733.6 billion. 14,200.4 billion soums by 2021 if domestic investments are included. increased to 16934.0 billion soums. amounted to soum. This indicates that investments are being used effectively in the economy of Namangan region and the efficiency of investment use is increasing. Based on these opinions, it is necessary to deeply understand the concepts of "effectiveness" and "economic efficiency" in investment processes.

Economic efficiency is the profit received for the use of the capital invested for investment, and if the income is understood, then the socio-economic effect, in addition to the profit obtained from the use of the investment, is also understood as the improvement of people's lives, the preservation of nature, and the development of scientific and technical progress. When evaluating the economic

efficiency of investments, it is necessary to pay attention to the terms "economic efficiency" and "economic efficiency". Economic efficiency is the result of investment of invested capital, while economic efficiency refers to the relationship between the economic efficiency or profit obtained from investment and the amount of investment.

Economic efficiency is a function of time and is initially negative because the investment has not yet received a return. As the return on capital increases over time, the return is positive, meaning that the return on invested capital exceeds the amount of investment over time.

The return on investment will equal the invested capital over time. This period is called the payback period. This indicator shows the efficiency of capital investment in the production sector of the economy. The investment payback period lasts 2-3 years in the small business sector, and 10-15 years in long-term investments. In the economy, there is a concept of payback period norms for the absorption of investments, which represents the average amount of the payback period of capital investments made in economic sectors. In this sense, if we pay attention to the absorption of capital investments in small business entities operating in Namangan region, it can be observed that it has been growing over the years (Figure 3).

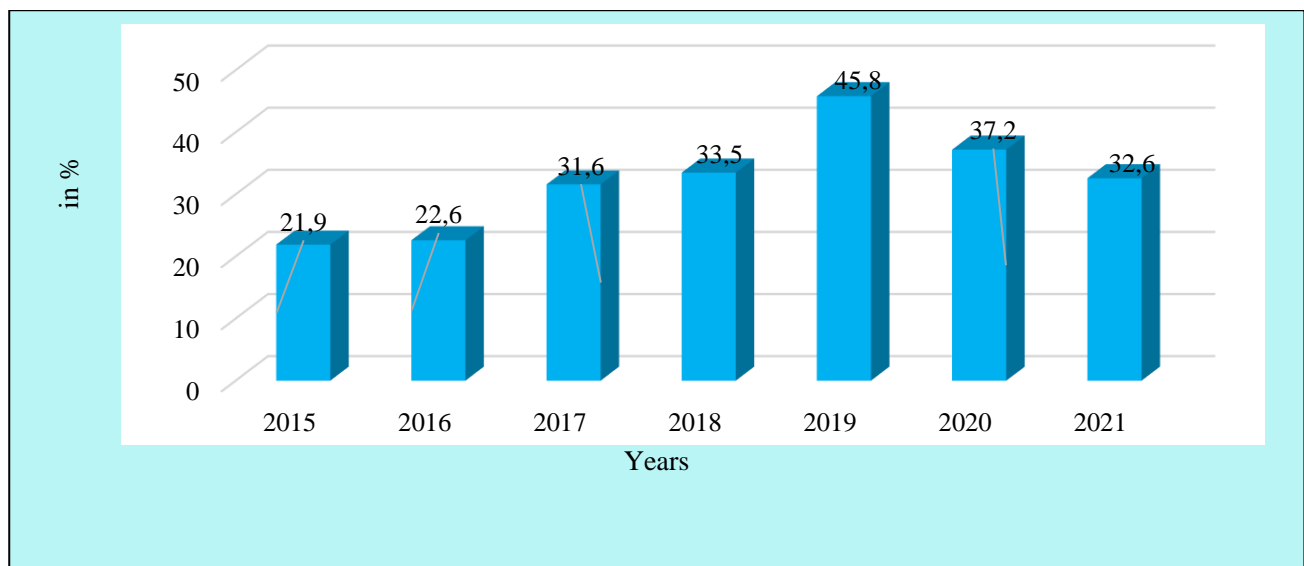


Figure 3. Amount of investment in small business entities of Namangan region

If we pay attention to Figure 3, in 2015, the amount of investment in small business entities of Namangan region was equal to 21.9%, in 2021, compared to the base year, the amount of investment increased by 10.7%. This indicates that the scope of investment in our country has increased in general. But in 2020 compared to 2019 it decreased by 8.6 percent and in 2021 by 13.2 percent. The reason for such a negative result can be explained that the inflow of funds or material values equal to investment has decreased due to the corona virus pandemic, which has occurred all over the world, and the decrease in the image of domestic investments is due to the fact that the state budget expenses are directed to social protection.

During the period of transition to new economic relations and the reconstruction of society on a democratic basis, priority attention is paid to the correct and effective deployment of production forces in the regions. Of course, in such a situation, each region tries to form itself as a separate economic space, in which changes occur in the forms of social organization of production. First of all, medium-sized and, especially, small industrial enterprises will increase in the integration of production, and in specialization, great importance will be attached to the production of finished products. At the same time, the process of combining will also increase. Because, on the one hand, due to the lack of raw materials for large enterprises, additional and complementary workshops or divisions are created in them, and on the other hand, the production of various products is established in small and medium-sized enterprises.

The economy of Namangan region is distinguished by its ease in the economic environment of the republic. However, due to the dense population and 62.0 percent of the population living in rural areas, as well as the high level of underdevelopment of infrastructure networks, it creates specific problems in attracting investments in the region. Naturally, it is done by developing the modern infrastructure system in rural areas, introducing industry to the village, and expanding service networks. After all, financial resources are needed for this. A foreign investor will not invest in a rural area where there are no conditions for profit.

In this regard, it is possible to raise the quality of the products produced in our country to the level of demand of world markets based on wide attraction of investments in small business in our country and increasing their attractiveness, implementation of prospective projects of cooperation, introduction of new modern techniques and technologies.

It should be noted that investment is an important source of investment that brings benefits to both parties. Because, for investors, it helps to increase the capital at their disposal, and for the country where the capital is invested, it helps in its comprehensive development. For this purpose, significant work is being done in Namangan region in order to develop the activities of production enterprises in all regions of the Republic of Uzbekistan and to bring the level of competitiveness of the products they produce to world standards. Based on the research results and studies, the following suggestions can be made to solve the existing problems in the field:

- development of investment funds to increase the investment attractiveness of small businesses;

- formation of specialized funds aimed at financing small business;

- by increasing the volume of long-term loans by commercial banks to form the initial capital of small business entities and to support their investment projects, we will be able to solve the problems of financing investment activities in our country. In addition, through the implementation of the above proposals, the following positive results can be achieved by increasing the investment attractiveness of small business and developing it sufficiently:

- increase investment attractiveness and improve investment in the regions, helps to strengthen market relations.

- financial support of small businesses and private entrepreneurship, primarily for investment purposes, expands the volume of long-term loans for the formation of initial capital.

- the creation of a competitive environment will be a powerful tool for improving the socio-economic conditions in the country.

- ensuring that social and economic problems are solved to a certain extent, small business leads to the development of the strategic and mobile sector of the economy.

In short, in the implementation of macroeconomic stabilization in the Republic of Uzbekistan, the development and strengthening of the national economy, the regions should have their own contributions to the development of small business entities. This is reflected in the country's scientific regional policy and special socio-economic programs.

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