

**CONTENT AND FACTORS OF THE INVESTMENT POWER  
OF THE REGION**

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**Abstract:** *The article examines the content of the process of forming the investment potential of the region and its factors.*

**Key words:** *investment, investment potential, investment resources, efficiency, potential demand, financial resources, development factors.*

The current stage of development of our country is characterized by the rapid development of regional industrial complexes. With the liberalization of the economy, the industrial complex and private entrepreneurship in it are proving to be a strong factor in the country's development.

As the researchers point out, investment is a dynamic process of successive exchange of capital forms in which primary resources and wealth are converted into investment costs. As a result, the investments made to renew and increase the value of capital bring additional income or social benefits.

In this sense, investments represent investments in both monetary capital and real capital. Investments can be in the form of cash inflows, loans, investments in movable and immovable property, intellectual property, property rights and other assets.

The formation and implementation of investment potential occurs in conjunction with internal and external factors that determine investment demand and supply. These include the characteristics of the object of investment (enterprise), the expected rate of return and profitability, investment climate, alternative investment options, regulatory framework for investment, taxation and tax environment, inflation rate, investment risks. The dynamics of national income volumes and growth at the macro level, the dynamics of investment demand and supply, the propensity to consume, save and invest should also be taken into account in the identification and assessment of investment potential.

Of course, the listed aspects and factors in general determine the investment attractiveness of a particular object. Investment attractiveness is manifested in the presence of a favorable investment climate, investment environment in the industry or region, advantages that can bring additional benefits to the investor or reduce risks for him. In turn, the investment situation is the observed investment activity and the achieved efficiency of investment processes.

The investment process takes place as a result of the activation of the factors that make up the investment potential. Indicators of investment potential reflect the extent to which the factors underlying them are present and being implemented. The course of the investment process is also reflected in certain indicators. Indicators of the efficiency of the investment process, and in a sense,

the efficiency of the use of investment potential are used to express the degree to which the goals of the investment process are achieved.

The investment potential of the region is formed depending on the investment opportunities of the business entities located in it, and in this regard can be considered as the sum of the investment potential of enterprises. The investment potential of the enterprise is the investment opportunities for its development, the existing basis for achieving economic growth. It reflects the potential for positive dynamics of the economic system at any level in terms of quantity and quality. Under market conditions, an enterprise's investment potential means that it can adapt to a changing market environment, and in many cases, to market conditions, and achieve sustainable economic growth in this area. The practical existence of investment potential at the macro and micro levels is determined by a system of indicators and criteria. These indicators characterize the trends of economic processes in the enterprise, the extent to which the course of processes is determined by existing factors, as well as the consequences of the impact of factors.

The needs of economic development of the enterprise necessitate investment processes and shape the demand for investment resources. At the same time, investment resources can be considered in two ways. On the one hand, they are material and labor resources that serve for the realization of the real investment process, i.e. the renewal of the reproduction process. On the other hand, these resources are the financial resources needed to be acquired.

In expressing the investment potential of the enterprise, in determining the opportunities for its economic development and the intended results for the future, first of all, financial resources are considered. In this sense, it can be assumed that the following factors affect the demand for investment resources of the enterprise:

- 1) expected efficiency of investments in the investment object;
- 2) bank interest rate;
- 3) competition in attracting investment resources;
- 4) investment attractiveness;
- 5) opportunities for innovative development and aspiration to it.

When it comes to material resources that determine the investment potential, it can be said that their supply to the market at a certain time at certain prices depends on the activities of the entities that create them, and in this regard, the laws of the market apply. In this case, the supply of each resource will have its own elasticity. There is also the law of limited resources, and in some cases even declining resource productivity. In general and in the broadest sense, the supply of resources is formed under the influence of:

- 1) estimates of economic resources;
- 2) level of technological development of production;
- 3) the number of enterprises in the industry;
- 4) factors stimulating entrepreneurship and investment climate;
- 5) expected innovations.

For the formation and effective operation of investment activities requires the existence of an established mechanism for the acquisition of investment resources, the organization of the placement

and use of resource factors in investment facilities. This mechanism has a complex nature, involving different categories of entities, as well as legal entities, individuals and various organizational structures. Therefore, in the investment process, the investor (enterprise) must take into account the diversity of interests of economic entities in the decision-making process, to harmonize them.

The interests and goals of the subjects of economic relations in the investment process are the factors that determine the organizational structure of investment, the content of its movement, its characteristics and the course of reproduction. Ultimately, it is the realized interests of the participating entities that determine the future and future income of the enterprise.

Investment potential is realized through the actions of entities (individuals) involved in the investment process. These individuals have their own interests. These interests are reflected in income, the nature of labor, social conditions, the nature of relationships with other individuals, and so on. Benefits are formed under the influence of a number of factors:

- the nature of the person's activities, income, needs, psychological characteristics;
- geographical and socio-cultural factors (national, religious, etc.);
- economic processes in the country, the region, including the costs that shape living conditions, the development of production.

The characteristics of the management of investment processes in the enterprise are determined by the diversity of interests of the participants, their different participation in the process. At the same time, the experience of applying the market economy has shown in practice that there can be norms and procedures that can be acceptable and effective for certain conditions.

Investment in a particular area implies the interconnected use of financial, production, human, natural and information resources based on their flows. As a result, the object to which the investment is directed and its value are created. The essence and socio-economic consequences of investment are formed and manifested in accordance with the socio-economic relations formed in the country. Investment management means the implementation of investment decisions related to the attraction and rational allocation of investment resources.

The system of investment potential of the enterprise is reflected in the set of elements that represent management decisions related to the formation of investment resources in the process of formation and operation of investment capital of the enterprise. The main purpose of such management is to achieve the sustainable positive development of the enterprise in the face of changes in the external environment.

The mechanism of formation of the investment potential of the enterprise is based on the model of interaction of investment resources. In this model, there are four intersecting areas, with human resources at the center of the system.

Economic relations in terms of attracting investment resources in the region and in a particular enterprise can be divided into two groups. As a result of the first, human, natural, information, technical and technological resources are involved in the production process in which the investment is made, ie their transformation takes place from one form to another. In this group relationship, the technical-technological content prevails. In the second group of relations, the distribution and exchange of investment resources takes place. In this case, the financial and economic content

prevails. These relationships are realized through the use of institutional and organizational factors and are manifested as transactional relationships.

In accordance with the two groups of economic relations associated with the investment process, the investment potential of the enterprise can be considered from two perspectives:

- 1) human, natural, information and technical-technological resources available at the enterprise or having real opportunities to be involved in the production process of the enterprise;
- 2) financial and economic resources and conditions that can be mobilized for the investment process in the enterprise.

The second party appears as financial resources and often has a clear value expression. Conditions of financial importance are expressed as investment and investment attractiveness. When the investment environment consists of more external factors, the investment attractiveness is formed precisely in relation to the internal investment resources of the enterprise.

In our opinion, the investment potential of the enterprise can be considered as an expression of the level of real opportunities for investment in long-term assets in the first approach. As mentioned above, in addition to the material, technical and technological capabilities of the investment, there must be financial and economic opportunities.

From a financial and economic point of view, the investment potential of an enterprise is reflected in the ability of the relevant part of the capital accumulated in it to enter the market of investment resources as a demand. In other words, the capital of an enterprise represents the ability to meet the material, financial, and technological needs associated with the provision of extended reproduction.

In our opinion, in the analysis of investment demand, it is necessary to distinguish between potential demand (sum of development opportunities) and actual demand (financial resources that can be directed to investment). The next is determined by how much money the business entity can actually invest in the investment. In financial analysis, these are studied as sources of investment. Of course, the profits accumulated in an enterprise cannot be turned into a direct investment. Real investment is made through the purchase of investment goods. Hence, the accumulated profit can represent the investment potential as a potential investment resource.

It should be noted that in the first approach, the investment potential of the region can be considered as the sum of the investment potential of businesses in the region. However, from a structural point of view, this is not enough. This is because the region, as a system in terms of socio-economic content, has the characteristics of its constituent elements (separate economic entities).

The investment potential of the region can be interpreted as an appropriate part of the accumulated capital, expressed in the form of potential investment demand in the investment market. This part becomes a real investment demand and serves to meet the material, financial and intellectual needs of the reproduction process.

They also rely on the theory of comparison and absolute advantage in describing investment potential. It is known that the basic tenet of a market economy is the condition of limited resources in the activities of economic entities. Due to limited resources and their uneven distribution, each business entity has certain advantages as a separate element of the overall economic system. This

approach can also be applied to the investment potential of the region. Absolute advantages stem from the geostrategic location of the region, the relief-geographical features, natural and demographic features of the region. The comparative advantages are of an economic nature and are reflected in the overall level of socio-economic development of the region. The production of a particular product based on them can be set up quickly and at low cost and with high efficiency, using the available capacity.

In our opinion, the study of investment potential of the region or region should take into account the following:

- a natural factor called "land" plays a special role in determining the investment potential. Proximity of the land plots to the market, compliance with logistics and environmental requirements, land use procedures, procedures and real opportunities create the first opportunities for investment;
- the economic development of the region may not be the same as in other regions. But this does not mean that completely different economic regulations apply in the region. At the same time, attention should be paid to the search for and finding ways and opportunities for more active use of the conditions created for investment activities in the country and the existing factors in the region;
- the real opportunities for the development (concentration) of various industries in the region in a geographically concentrated way will never be limited, on the contrary, it will shape the export potential of the region;
- it is expedient to study the factors that determine the investment potential, dividing them into different groups. There are factors that are common to all regions and territories of the country. At the same time, factors specific to each region have been formed, which, along with the natural, demographic characteristics of the region, stem from the historical development and socio-cultural characteristics of certain industries in the region. It is also important to pay attention to the extent to which it is reproduced, maintained and strengthened in the region, which determines the investment potential.

The absolute advantage for Namangan region is represented by the "land" factor, ie the natural conditions and the amount of labor resources. The active implementation of these factors will also give a serious impetus to the rapid development of a number of industries. This can be seen in the development of many light industry enterprises in the region and the rapid growth of export volumes. This shows that there is sufficient investment potential in this area and it is being implemented.

The important role of labor resources in the formation of investment potential should be emphasized. On the one hand, active investment encourages the formation of highly skilled labor resources and strengthens investment potential, paving the way for new investments. On the other hand, the slowdown in investment will accelerate the outflow of skilled labor from the region. The same considerations can be made for capital inflows or outflows.

Based on the above, the investment potential of the region can be described as the most generalized expression of the economic resources and conditions available and involved in the implementation of investment activities in the region.

Of course, the investment potential of the region is closely linked to the main factors of economic development:

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- 1) Existence of internal and external demand for regional products;
- 2) Consistency of processes of renewal of fixed capital and production technology;
- 3) Innovations in material production;
- 4) Reproduction of natural resources and the ecological situation;
- 5) Status and development of social infrastructure;
- 6) Logistics development and others.

Contrary to the above factors, investment risk reflects the factors that negatively affect the formation of investment potential. The strengthening and development of investment potential will help to mitigate and eliminate the factors that create investment risk.

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