

THE ROLE OF INVESTMENTS IN THE DEVELOPMENT OF THE ECONOMY OF
UZBEKISTAN

Uralov Jamshid Vokhid ugli

Student of the Jizzakh branch of the National University of Uzbekistan

e-mail: jamur9708@gmail.com

Annotation. This article discusses the importance of the volume and composition of investment funds attracted to various sectors and industries of the national economy in the social-economic development of our country. Emphasis is placed on the central direction of the development strategy of each country, the relevance of shaping a conducive environment for attracting investment funds to enhance the national economy, promote sustainable economic growth, increase the income of the population, and improve living conditions. The article also highlights the significance of formulating scientific proposals and conclusions to increase the volume of investment inflows into the national economy.

Key words. investment, economy, strategy, development, resources, investor, national currency, foreign currency, capital.

Introduction. Uzbekistan, with the aim of achieving a high level of economic development in the near future, places significant importance on enhancing the investment attractiveness of the republic. This involves increasing the inflow of investment funds through both domestic capital resources and foreign investments and credits. The active implementation of measures to modernize the Uzbek economy is a crucial prerequisite for achieving the goals of economic development. The effective pursuit of an investment policy and attracting foreign investments are considered essential for realizing the modernization efforts in Uzbekistan's economy.

The volume of foreign investments attracted to our economy has been steadily increasing year by year, providing clear evidence of this trend. In recent years, a wide range of comprehensive and systematic reforms have been implemented in various sectors of our economy. Innovative methods for modernizing economic sectors, laws, decrees, and resolutions adopted to meet contemporary requirements, are contributing to the advancement of our nation. It is essential to emphasize that in the current stage of global development, no country can achieve social-economic progress without attracting investments.

Countries that lack the ability to attract investment resources to their national economies are left behind in the rapid development of the world community. States experiencing financial constraints find it challenging to keep pace with economically developed nations. In this context, surplus capital resources in developed countries are directed towards attracting capital resources to developing nations, contributing to their economic growth¹.

Reference review. Literary Works on the Subject. Among economists, there are various opinions regarding the economic essence and significance of investments. No single definition has been universally accepted. Each researcher approaches this category with their own methodology and perspective. The theory of investments has gone through several stages in its historical development.

In foreign economic literature, issues of investment and investment processes have been extensively elucidated by scholars such as Dj. Keynes, P. Masse, K. MacConnell, S. Bryu, E. Dolan, U. Sharp, and other researchers. U. Sharp provides the following definition for investments: "Real investments are primarily investments made in tangible assets (land, buildings, factories). They

¹ A.U. Burkhanov, X.X. Khudoikulov. Financial Market and Investments. Textbook. T.: "Ma'naviyat", 2021. 329 p.

6	ISSN 2277-3630 (online), Published by International Journal of Social Sciences & Interdisciplinary Research., under Volume: 12 Issue: 12 in December-2023 https://www.gejournal.net/index.php/IJSSIR
	Copyright (c) 2023 Author (s). This is an open-access article distributed under the terms of Creative Commons Attribution License (CC BY). To view a copy of this license, visit https://creativecommons.org/licenses/by/4.0/

involve ordinary stocks and bonds. In a developing economy, the main part of investments is related to real investments. However, in a developed economy, the primary part of investments is associated with the broad development of financial institutions related to monetary investments. The two forms of investments are not competitive but complementary to each other."²

E. D. Dolan and D. S. Lindsey, discussing the essence of investment from a microeconomic standpoint, emphasize that investment is "the increase in the volume of capital in a developing economic system, promoting the supply of resources used by people in production."³

Similarly, Russian economists have also contributed their perspectives on investments. G. S. Vechkanov and G. R. Vechkanova assert that investments are "long-term commitments of state or private capital with the aim of making a profit, both domestically and internationally, in various sectors of the national economy."

According to S. S. Borgayakov, the concept of investments can be approached from two angles: as a reserve category and as a dynamic category. The author considers the duration of measuring indicators to be the main aspect of the temporal dimension. If investment indicators can be measured without reference to time (such as the volume of accumulation, the amount of capital assets, product quantity, etc.), then this category is considered a reserve one. Conversely, if these indicators can be measured dynamically over time, it belongs to the dynamic category. According to our opinion, this approach expresses the interdependence of the nature of "capital investments" and the "investment" essence.

In the Uzbekistan economy, there exist various theoretical views on the importance of investments. For instance, Sh. Shodmonov and U. G'afurov state that "investment is the form of expenditure in the shape of monetary resources aimed at the restoration and expansion of basic and ongoing capital, increasing production capacities."⁴

Meanwhile, B. A. Abdukarimov, A. N. Jabriyev, and M. K. Pardayev suggest that "investment is placing financial (money) or real capital. It is invested in the form of monetary funds, loans, valuable papers, movable and immovable property, intellectual property, rights to benefits, and other valuables, in other words, it is used for all assets of an enterprise."⁵

R. I. Kayumov and R. Kh. Khodzhimatov argue that understanding a wide range of activities is necessary for investments and that it involves directing idle financial resources towards creating material and financial wealth in the future.⁶ Additionally, other authors suggest that investments are an effort to mobilize idle capital for the socio-economic benefit.

This commentary highlights the diverse perspectives within the literature on investments, illustrating the multidimensional nature of this economic concept and its importance in various economic contexts.

Analysis and Results. National Economy and the Evaluation of Invested Capital into its Sectors.

In Uzbekistan, a comprehensive analysis of financial resources allocated for the development of the social and economic spheres was conducted in 2019. This includes active investments and socio-economic development, amounting to 189.9 trillion Uzbekistani sums, indicating a substantial increase of 133.9% compared to 2018.

In 2019, out of the total investments, 70.7% or 134.3 trillion sums were directed towards accumulated capital. The remaining 29.3%, equivalent to 55.6 trillion sums, were contributed by

² U. Sharp, G. Alexander, D.J. Bailey. Investment. Translated from English. – Moscow: "INFRAM", 1997. 7 p.

³ E.D. Dolan, D.S. Lindsey. Microeconomics. – St. Petersburg: 1994. 448 p.

⁴ Sh. Shodmonov, U. Gafurov. Economic Theory. Textbook. – Tashkent: "Iqtisod-moliya", 2010. 347 p.

⁵ B.A. Abdukarimov and others. Corporate Economics. Textbook. – Tashkent: "Fan", 2005. 241 p.

⁶ R.I. Kayumov, R.X. Khojimatov. Formation and Financing of Investments. Textbook. – Tashkent: TDIU, 2010.

enterprises, organizations, and the public from their own resources. Analyzing the distributed funds reveals that, in 2019, the centrally allocated financial resources decreased by 3.1% points compared to the previous year, constituting 26.6% or 50.7 trillion sums.⁷

1-table

BASIC CAPITAL INVESTMENTS⁸

Indicator	Years								
	1995	2000	2005	2010	2015	2016	2017	2018	2019
Volume of Investments, billion sums	88,9	744,5	3165,2	16463,7	44810,4	51232	72155,2	124231	189924
Growth Rate, %	104	101	105,7	108,7	109,6	107,7	120,4	118,1	133,9
GDP, %	29,4	22,9	19,9	24,6	24,3	25	26,9	30,6	37,1
Per Capita Income, thousand sums	3,9	30,2	121	543,4	1331,4	1562,8	2112,6	3256,9	5655,8
Per Capita Income Growth Rate, %	102,1	99,6	104,5	107	107,7	105,8	118,4	116,1	131,4

In 2019, the ratio of foreign direct investment to GDP constituted 37.9%, increasing by 6.5 percentage points compared to the previous year. This indicator was 26.9% in 2017 and 30.6% in 2018 (Table 1). It is worth noting that this indicator is higher than the average global investment-to-GDP ratio. However, given the strategic goals set for the socio-economic development of our country, it is necessary to increase the volume of investment in the national economy to achieve them. This can be accomplished, firstly, by increasing the volume of domestic investments and, secondly, by attracting foreign investments on the basis of promoting them into the national economy.

Summary and Recommendations. The conditions created for both national and foreign investors, particularly the timely development of the legal framework, are contributing to the annual growth of the investment volume. To further increase the volume of investments in the national economy, especially through domestic investments, the following actions need to be implemented:

- Strengthening the existing mechanism for converting savings into investments through the allocation of funds for investments in bonds.
- Mobilizing financial resources available in the hands of the population, whether in national or foreign currency, by commercial banks and providing them as credit amounts to entrepreneurial entities.
- Channeling accumulated funds in the hands of the public into the investment process through the "Tashkent" stock exchange and other platforms.

As seen, the process of increasing domestic investment funds into the national economy requires completing a stage related to the enhancement of the mechanism operating in the national economy with the conversion of internal investment funds, and it demands time.

⁷ <https://stat.uz> – Official website of the State Committee of the Republic of Uzbekistan on Statistics with information

⁸ <https://stat.uz> – Official website of the State Committee of the Republic of Uzbekistan on Statistics with information

Therefore, expanding the scope of attracting internal investment funds into the national economy requires the completion of the mechanism for channeling existing capital resources into economic sectors. This includes the following steps:

Improving the mechanism for converting savings into investments through the allocation of funds for investments in bonds.

Mobilizing financial resources available in the hands of the population, whether in national or foreign currency, by commercial banks and providing them as credit amounts to entrepreneurial entities.

Channeling accumulated funds in the hands of the public into the investment process through the "Toshkent" stock exchange and other platforms.

It is worth noting that addressing the above issues and enhancing the mechanism for attracting foreign investments into the national economy involves studying and re-evaluating all existing resources and reserves. This, in turn, requires revisiting and improving the mechanism of attracting foreign capital to national enterprises.

In conclusion, resolving the above-mentioned issues positively contributes to the increase in the volume of both domestic and foreign investments, ensuring sustainable economic growth, and enhancing the overall development of our country, ultimately improving the well-being of our people.

REFERENCES:

1. A.U. Burkhanov, X.X. Khudoikulov. "Financial Markets and Investments. Textbook." T.: "Ma'naviyat", 2021.
2. U. Sharp, G. Alexander, DJ. Bayli. "Investment." Translated from English. – M: "INFRAM", 1997.
3. E.D. Dolan, D.S. Lindsey. "Microeconomics." – SPb.: 1994.
4. Sh. Shodmonov, U. G'afurov. "Theory of Economics. Textbook." – T.: "Iqtisod-moliya", 2010.
5. B.A. Abdukarimov and others. "Corporate Economics. Textbook." – T.: "Fan", 2005.
6. R.I. Kayumov, R.X. Khujimatov. "Formation and Financing of Investments. Textbook." – T.: TDIU, 2010.
7. <https://stat.uz> – Official website of the State Statistics Committee of the Republic of Uzbekistan