



Analysis Of Investment Effectiveness In Uzbekistan

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Annotation: The article examines the role and importance of investment in fixed assets in the development of the country's economy, analyzes the effectiveness of investments using the example of sources of financing investments and types of economic activities, and also discusses conclusions and recommendations based on international experience.

Key words: investment climate, gross domestic product, sources of investment financing, foreign investment, modernization, social stability.

Introduction.

The world experience of attracting foreign capital to investments in fixed capital in the development of the national economy and regulating, managing and stimulating its activity is diverse and noteworthy. The experience of industrialized or developed countries in this regard is rich and extensive. The question of the influence of foreign investments on the economy of developing countries has become one of the central problems of the world economy in recent years. Along with the growth of international investment flows, the increase in the share of developing countries in these flows has occurred due to modern communication technologies, significant evolution of international trade cooperation and general increase in the openness of regional economies.

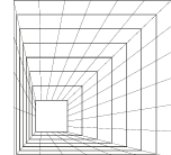
Along with the increase in the volume of investments attracted to the country's economy, their effective use is also important. Because the return of international loans and foreign investments depends on directing them to the priority sectors of the economy, the areas that bring the most profit and social impact. At this point, the positive or negative impact of the state's foreign debts on the economy is not based on the amount or lack of these debts, but on the effective use of such resources.

In the "Uzbekistan-2030" strategy, the goal of increasing the gross domestic product of our country to 160 billion dollars and per capita income to 4 thousand dollars is set. To achieve this, it is necessary to actively attract foreign investments and increase exports. The presence of both positive and negative effects of foreign investment on the national economy requires, first, classification and identification of multidirectional effects on the economy and opportunities to compensate or strengthen them.

Second, the experience of development through external sources of financing shows that the effectiveness of investments in fixed capital depends on the parameters of the economic environment and measures of the state investment policy. Thus, it is necessary to study, analyze and justify the experiences of economically developed countries in the development and implementation of the main directions of the state investment policy, in the correct analysis of the economic efficiency of investments.

Literature analysis.

Research scientists of Russia and the CIS countries, who made a great contribution to the study and research of the theoretical foundations of investments, in particular, issues of investment efficiency, the formation of a favorable investment environment, the principles and stages of



implementation of the country's investment policy, the development and development of enterprise investment policy. Zolotogorov, A.F. Goyko, V.A. Mikhels, N.N. Ivanova, N.V. Osadchaya and others can be mentioned.

World economist Dj. M. Keynes, M. Porter, M. McConnell, S. Brew, L. DJ. Gitman, M. D. Studied by Djonk. Uzbek scientists D.Gozibekov, N.Karimov, T.Qoraliev, A.Vakhobov, N.Qo'zieva, J.Karimkulov, G.Karimova conducted scientific researches in the directions of the essence of investments, analysis of factors affecting the investment environment and increasing the efficiency of direct investments.

Research methodology.

Along with general economic methods, special approaches to data structuring, such as comparison, compilation of theoretical and practical materials, systematic analysis, abstract-logical thinking, generalization, etc.

Analysis and discussion of results.

The dynamic development of Uzbekistan's economy cannot be realized without increasing activity in all sectors of the national economy, especially in industry. The main priority in this activity should be state regulation of investments. Strengthening of investment activity in the real sector of the national economy is carried out by updating the production potential of the fundamentally important industries, construction, transport, communications, agriculture and other basic sectors of the economy. In order to update the production capacity, the enterprises need sufficient capital and attracted resources of national and foreign investors. In attracting investments to the national economy, the country's investment environment and its attractiveness are of great importance, the investment environment is determined by social stability, economic growth dynamics, the degree of liberalization of the investment sector and other factors.

Table 1

Socio-economic indicators in Uzbekistan in 2021-2023

Indicators	Years			
	2021	2022	2023	Change in 2023 compared to 2021
Population (million people)	34 558,9	35 271,3	36 024,9	+1466
Unemployed (thousand people)	1600	1300	1300	-300
Pensioners (thousands of people)	4000	4300	4400	+400
Number of registered crimes	111082	105 215	104 096	-6986
Number of convicts sentenced by courts	80303	72 386	72 061	-8242
Poverty Growth (Gini Coefficient)	0,273	0,283	0,288	+0,015
Gross domestic product (trln. soum)	738,4	896,6	1066,6	+328,2
Investments in fixed capital (trln. soum)	239,6	266,2	352,1	+112,5



Investment efficiency (GDP/investment)	3,08	3,36	3,03	-0,05
Share of investments in GDP	0,32	0,29	0,33	+0,01
Percentage of loss-making state-owned enterprises	-	36,4	-	The average is 36.4

From the data of Table 1, it can be seen that investments in fixed capital increased by 1.5 times in 2023 compared to 2021, and the socio-economic development indicators of the country have a positive character. The population increased by one million four hundred and sixty-six people, the number of unemployed decreased by 300, the number of registered crimes decreased by 6,986, and the number of pensioners increased by 10%. From these indicators, it can be concluded that the 1.5-fold increase in investment in fixed capital had a positive effect on the country's socio-economic development indicators. Despite the absolute increase in the volume of investments, their share in the gross domestic product is 31.0% on average in the last three years. The innovative way of the transitional development of Uzbekistan's economy requires an additional flow of capital investment. Investments in fixed capital are directed to the reproduction of fixed assets (new construction, expansion, as well as renovation and modernization of objects that lead to an increase in their initial value, purchase of machines, equipment, vehicles, etc.).

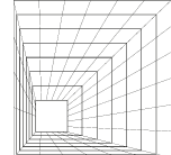
As we know, investments in fixed capital are made with funds from the following sources of financing: - own funds of enterprises formed at the expense of profit and depreciation deductions; -debt funds (domestic and foreign loans); -raised funds (domestic and foreign investments); -budget, extra-budget funds, etc.

Table 2

Investments in fixed capital by sources of financing (trln. soum)

Funding sources	Years					
	2021	In % of total	2022	In % of total	2023	In % of total
Enterprise funding	71,2	29,1	84,5	31,3	84,9	24,1
Foreign direct investment	30,1	12,3	37,0	13,7	84,3	24,0
Unsecured and other foreign investments and loans	57,0	23,3	60,0	22,3	82,4	23,4
Population funds	22,2	9,0	25,8	9,5	33,3	9,5
Commercial bank loans and other debt funds	19,5	8,0	21,1	7,8	22,3	6,3
Own.R. foreign loans under guarantee	17,3	7,1	15,2	5,6	21,2	6,0
Republic budget	21,5	8,8	20,9	7,8	20,4	5,8
Development of water supply and sewage systems	2,9	1,1	2,9	1,1	1,7	0,5
Recovery and development	3,1	1,3	2,5	0,9	1,6	0,4
Total fixed capital investment	245,0	100	269,9	100	352,1	100

From the data of Table 2, it is known that funds of enterprises, borrowed funds and borrowed funds are considered to be the main source of technical modern re-equipment of production



funds. Although indicators of enterprise funds, unsecured and other foreign investments and loans have grown dynamically in the last three years, the share of enterprise funds in total fixed capital investments decreased by -5.0 percent, and unsecured and other foreign investments and loans averaged 23 percent. Foreign direct investment will increase by 2.8% in 2023 compared to 2021, and its share in total fixed capital investment will be 24% in 2023.

Production cannot be modernized from domestic sources alone, so bank loans, foreign direct investment and earmarked budget funds are important. In the last three years, the share of budget funds in the total volume of investments in fixed capital has been decreasing. This is also explained by the state budget deficit. Among the sources of borrowed funds for the financing of capital investments is a long-term loan. However, this source is limited because short-term loans are more profitable for banks. The reason for the small share of long-term loans in the sources of financing investments in fixed capital is also related to the high interest rate of loan repayment and the need to secure the loan, which reduces the access to bank loans for many enterprises. Finally, foreign investment is important in the renewal of fixed assets, especially attracting more foreign direct investment is a guarantee of economic development.

Table 3

Investments in fixed capital by types of economic activity in the Republic of Uzbekistan, share in % and volume trillion. in sum

Types of economic activity	Years					
	2021	In % of total	2022	In % of total	2023	In % of total
Manufacturing industry	63,2	25,8	76,4	28,3	100,6	28,6
Housing construction	20,3	8,3	22,4	8,3	29,1	8,3
Mining industry	23,2	9,5	21,6	8,0	36,3	10,3
Electricity, gas supply	19,5	8,0	20,2	7,5	42,0	11,9
Agriculture	18,9	7,7	19,9	7,4	20,2	5,7
Construction	14,2	5,8	15,0	5,6	15,3	4,3
Education	7,6	3,1	8,1	3,0	7,8	2,2
Health care	12,5	5,1	7,8	2,9	8,8	2,5
Information and communication	7,5	3,0	6,1	2,3	12,3	3,5
Other activities	48,9	20,0	72,4	26,3	79,7	22,7
Total fixed capital investment	245,0	100	269,9	100	352,1	100

Table 3 shows the share and size of investments in fixed capital by types of economic activity. The manufacturing industry is leading in the composition of investments in fixed capital by types of economic activity. As a result of large investment projects such as the organization of the production of new car models (Onyx, Trekker), the expansion of cement production, the organization of technical gas (SO₂) production, the establishment of a mineral fertilizer production complex, the establishment of a cotton-textile and agrocluster, this economic 100.6 trillion in 2023 from the total sources of financing in the type of activity. soums, or 28.6% of total capital investments were utilized. In the next places, indicators in the field of electricity and gas supply, mining industry and residential construction can be given as an example. 42.0 trillion soums of investments were absorbed from all sources of financing for the type of



electricity and gas supply activity, which made up 11.9% of the total volume. A total of 36.3 trillion in the mining industry. Soms or 10.3% of the total investments in the republic were absorbed, 3.7% of its composition or 13.2 trillion. soum belongs to the field of crude oil and natural gas production. One of the most important activities in the social sphere is residential construction. 29.1 trillion from all sources of financing for this type of activity. Soms of investments in fixed capital were absorbed, and the share of total investments was 8.3%.

Summary.

An important factor of the investment climate and a necessary condition for any fundamental economic changes is social stability. A number of factors have a negative impact on the formation of a favorable investment environment in the republic: high tax rates; unstable legal framework; corruption; high rate of inflation; low purchasing power of the population; high customs fees; insufficient state insurance guarantees; underdeveloped infrastructure; limited services of local banks; non-transparency of market information, etc. In addition, it is important to use the invested and borrowed funds effectively, i.e. by how many units each soum of borrowed funds increases the gross domestic product.

In general, a comparative analysis of financial sources of capital investment shows that debt and funds raised by enterprises remain the main source of capital investment. When determining the role of the state in investing in fixed capital, it is necessary to take into account the experience of developed industrial countries, which for a long time had an active policy in the field of reproduction of fixed capital. The main lever for the activation of investment activities in industrialized countries was the reduction of income tax rates, the promotion of investments to stimulate the development of new equipment, technologies, research and development activities of enterprises, and the improvement of the level of qualifications of employees. In the tax legislation of developed industrial countries, the practice of including all research and development costs and investments in basic research in production costs has been developed.

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