

The Role of Investment and Investment Loaning in the Development of the Country's Economy

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ABSTRACT

This article shows a close connection between the degree of development of the country's economy and the investment climate and credits. It is known that before investment of monetary resources in a certain territory on the basis of front methods, the investment climate and the attractiveness of the given area are estimated. Proposals have been worked out on the effective use of these methods in the development of the economy of Uzbekistan

KEYWORDS: Investment, investment credit, export, asset, fixed assets, diversification, modernization, devaluation, investment portfolio, credit, loan portfolio, foreign capital, interest rate.

Introduction

In the process of globalization of the world countries, the priority task is to strengthen the consistent efforts to reform and modernize the economy in Uzbekistan, to raise them to a new, higher level. In order to ensure the unconditional fulfillment of these tasks, it is aimed at further enhancing the development of our country and the well-being of our people, and investment loans from banks play an important role in strengthening the export potential.

It is well known from the experience of developed countries that the economic growth of any country is inextricably linked to the financial stability of the banking system. This is because banks play an important role in the structural restructuring of sectors of the economy, modernization of production, creation of new enterprises, development of small businesses and attracting foreign investment.

The share of investment loans in commercial banks of the country is 12% of total loans. The same figures were found in 32.5% in the US, 41.5% in Germany and 15.3% in China. These indicators show that the share of investment loans in the country should be increased at least two to three times. In today's world of growing economic competition, it is important to radically increase the competitiveness of the economy, strengthen the full support of export-oriented enterprises, ensure the practical participation of small business and private entrepreneurship in foreign markets, create favorable conditions for them.

The Decree of President Shavkat Mirziyoyev "On the Strategy of Actions for the Further Development of the Republic of Uzbekistan" marked a new stage in defining the priorities of economic development and liberalization. The main purpose of this Decree is to further increase the effectiveness of reforms in our country, to create conditions for the full development of the state and society. In particular, the third direction of this historic document for the next five years focuses on ensuring reliable protection of the rights and

guarantees of private property, removing all barriers and restrictions, giving full freedom to further develop the business and investment climate. This will undoubtedly lead to the introduction of modern principles and mechanisms for regulating the activities of investment and bank investment loans, the monetization and active diversification of leading industries, the reform of the financial and banking sector.

Literature review

Following the current turmoil in the world, we consider it appropriate to recall the following verses written by Sheikh Saadi about 750 years ago and written as a permanent motto at the UN headquarters. The great thinker said: The human race (Bani Bashar) actually originates from a single gem, and if life hurts one part of its body, the whole other organ becomes unstable.

Some aspects of the development of the country's economy through the improvement of lending to businesses, assessment and management of risky processes in the lending process and the development of forecast indicators of lending practices have been studied in the works of foreign economists Yu. A. Gerasina, R.M. Rasulov and others (Gerasina, Rasulov 2011).

When studying the views of foreign scholars, the American economist Peter S. Rose describes the importance of bank credit as follows: "Bank loans promote the emergence of new enterprises and businesses and create new jobs, as well as ensure their economic viability." Well-known Russian economist T. Mazurina justified the existence of the following conditions for the development of lending to the real sector of the economy through loans from commercial banks, ie the existence of effective government policy and increasing the profitability of enterprises and businesses (Rose 1997).

We believe that the approaches of both of the above scientists can help the state and commercial banks to develop business entities and increase their profitability, which in turn can lead to the creation of new jobs and economic development.

In the scientific work of Uzbek economists Sh. Z. Abdullaeva, O.K. Iminov and others developed a number of scientific and practical proposals for the development of lending practices of banks. In particular, on the basis of a detailed analysis of the recommendations of the World Bank and other foreign financial institutions to improve the credit mechanism in Uzbekistan in line with world standards (Iminov 2001) and it was noted that the value of the service serves as the main criteria (Abdullaeva 2000).

Methodology

In this study, statistical tables and graphs, analytical comparisons, logical and comparative analysis, grouping methods, as well as research work of foreign and domestic scientists on the subject were widely used.

Analysis

Today, in many developed countries, there are specialized firms and organizations that study the investment climate, assess its attractiveness, and provide clear conclusions and information for investors. For example, the authoritative information services of countries such as Switzerland and Germany use 15 important indicators to assess the economic, political and social situation of the country, each of which is evaluated on a scale from "0" to

"12" (0 - satisfactory and 12 - very convenient). »(Business environment risk index).

Among the indicators included in the BERI index, political stability (12 points) is important. In general, the BERI service is a reputable organization in this regard. The organization analyzes the investment climate in capital-importing countries and determines the level of investment risk. The BERI service uses the press to determine the level of risk of investors investing in foreign countries with different indices. Currently, organizations providing such services are assessing the investment climate in more than 55 capital-importing countries. In this case, the higher the score in the assessment of the country's investment climate, the more stable it is.

Let's take a look at the World Bank's approach to assessing the investment climate. "How to create an investment climate for all?" Published by the World Bank. "The government and relevant organizations will support them in order to develop entrepreneurship and a successful market," the annual report on the development of the world economy said. The report notes that the investment climate will create opportunities and incentives for firms to invest in production, create jobs and expand their operations.

According to the World Bank, the factors affecting the country's investment climate are:

- Uncertainty of economic policy and legal-regulatory practice;
- level of corruption;
- quality of the judicial system;
- Crime rate;
- The system of "tax burden" and legal regulation of taxation;
- Access to financial resources and cost of financing;
- Level and quality of electricity supply;
- level of qualification of workers and quality of labor legislation.

Discussions

In 2010-2020, the ICOR coefficient ranged from 3,1 to 3,7. In 2021, every 3.3 units of investment in Uzbekistan provided an additional 1 unit of GDP growth. This indicates that the level of the ICOR coefficient in our country, which is recognized as investment creativity, is within the established parameters. Therefore, in international practice, in particular, according to the World Bank, this indicator is assessed as a positive situation in developed countries in the range of 2,4-3,5.

The results of the analysis show that in 2010-2020, both GDP and fixed capital investment grew. Such a positive situation shows that a favorable investment climate in our country, as well as the existing legal documents have created many incentives and incentives for foreign investors.

Table 1. The share of investment in GDP growth in 2010-2020 and the dependence of GDP growth on capital

Years	GDP, billion US dollars	Fixed capital investments, billion US dollars	Real GDP growth rates compared to last year, in percent	Share of investments in GDP, in percent	ISOR
2010	17,0	4,7	9,5	27,6	-
2011	22,3	6,5	9,0	29,1	3,1
2012	28,1	8,2	8,1	29,2	3,2
2013	32,1	9,7	8,5	30,2	3,7
2014	38,1	10,8	8,3	28,3	3,3
2015	45,9	11,7	8,2	25,5	3,1
2016	49,6	13,0	8,0	26,2	3,2
2017	53,3	14,6	8,1	27,4	3,4
2018	62,6	15,8	8,0	25,2	3,1
2019	72,1	17,2	8,2	26,3	3,3
2020	81,4	19,7	9,5	27,8	4,6

Source: author's account.

In particular, the Decree of the President of the Republic of Uzbekistan dated 02.09.2017 № PF-5177 and the Resolution "On measures to further develop and increase the stability of the banking system of the Republic." Also PF-3594 "On additional measures to encourage foreign direct investment", PF-4515 "On Amendments to the Decree PF-4434". At the same time, in accordance with the Action Strategy No. PF-4434 "On additional measures to encourage foreign direct investment" and the introduction of market mechanisms for regulating the foreign exchange sector, stimulating the growth of export potential of the republic, active foreign direct investment attract In order to increase the competitiveness of domestic producers in foreign and domestic markets, improve the investment and business environment in the country, the priorities of the state economic policy in the field of further liberalization of the foreign exchange market have been identified as follows:

➤ The right of legal entities and individuals to freely buy and sell foreign currency and freely dispose of their funds at their own discretion is fully ensured. Applying only market mechanisms in determining the exchange rate of the national currency against foreign currencies, increasing the role of market instruments in the use of foreign exchange resources, creating a level playing field for all businesses in the foreign exchange market, increasing the role of monetary policy in promoting exports in non-traditional sectors; attracting foreign direct investment, knowledge and technology to all sectors of the economy to directly stimulate the production of quality jobs and high value-added products. Improving the serving business and investment climate, implementing a tight monetary policy aimed at ensuring the stability of the national currency. In this regard, the active and adaptive use of monetary instruments, the development of the government securities market, as well as open market operations and operations to pledge government securities to bank liquidity. Implementation; the requirement for the compulsory sale of foreign exchange earnings of all exporting enterprises, regardless of the form of ownership, has been abolished.

➤ Ensuring the financial stability of the banking system, improving the assessment of banking risk, taking into account international experience, regulating the activities of commercial banks. In order to introduce modern principles and mechanisms of control, it was established that in accordance with this paragraph, income (profit) from the sale of foreign currency by commercial banks is not included in the tax base and is used to increase the share of their shareholders.

Table 2. The volume of foreign investments and loans attracted to the economy of Uzbekistan, as well as foreign direct investment, their share in total investment

Indicators	2011	2012	2013	2014	2015	2016	2017	2018	2019	2020
Total investments, bln. USD	4,7	6,5	8,2	9,7	10,8	11,7	13,0	14,6	15,8	17,2
Foreign investment and loans, bln. USD	1,2	1,7	2,9	2,8	2,5	2,6	3,0	3,1	3,3	3,4
Foreign direct investment, bln. USD	1,0	1,4	2,5	2,4	2,0	2,0	2,2	2,3	2,4	2,5
Share of foreign investment in total investments (in%)	24,4 7	26,1 5	35,3 7	28,8 7	23,4 3	21,9 7	23,0 8	21,2 3	20,8 9	22,3 5
Share of foreign direct investment in total investments (in%)	20,4 3	21,0 8	30,3 7	25,0 5	18,4 3	17,3 5	16,6 2	15,7 5	15,1 9	14,8 8
Share of foreign direct investment in total (in%)	83,4 8	80,5 9	85,8 6	86,7 9	78,6 6	78,9 9	72,0 0	74,1 9	72,7 3	73,5 4

Source: Prepared on the basis of data from the Ministry of Economy of the Republic of Uzbekistan. (www.mineconomy.uz)

➤ Taxes, property taxes, social infrastructure development and beautification taxes, micro-firms levied on the profits of legal entities of enterprises specializing in the production of goods in sectors of the economy that attract foreign direct foreign investment. Exempted from the single tax for small businesses, as well as mandatory contributions to the Republican Road Fund. These tax benefits are provided when the volume of foreign direct investment is as follows: From 300 thousand US dollars to 3 million US dollars - for a period of 3 years; From more than 3 million US dollars to 10 million US dollars - for a period of 5 years; When it is more than 10 million US dollars - for a period of 7 years. These tax exemptions are set to apply under the following conditions: placement of these enterprises in all cities and rural settlements of the republic, except for the city of Tashkent and Tashkent region; foreign direct investment by foreign investors without a guarantee of the Republic of Uzbekistan; the share of foreign participants in the charter capital of the enterprise must be at least 33%; placing foreign investment in the form of a freely convertible currency or new modern technological equipment; to re-invest at least 50% of the income from the benefits during the period of application of these benefits for the purpose of further development of the enterprise;

- Exemption from import duties on import of property for personal production needs for two years from the date of state registration of newly established enterprises with foreign investment.

It is known that the share of domestic investment in GDP growth is significant. Investment loans of commercial banks also play an important role in this. These loans are primarily used to finance investment projects under the programs aimed at modernization of industrial sectors of the economy, the formation and development of modern infrastructure, socio-economic development of the regions and the creation of new jobs. In particular, a total of 12.04 trillion soums were allocated by commercial banks for the modernization, technical and technological re-equipment of enterprises. soums of investment loans were issued. This figure is 8 times higher than in 2008 in the national currency.

Conclusion

In conclusion, it is necessary to take the following measures to intensify the attraction of foreign investment in the national economy:

1. It is necessary to intensify the establishment of free and special industrial economic zones, taking into account the specifics of the regions of Uzbekistan;
2. It is necessary to improve the tax and customs system for foreign investors, strengthen the incentive role of taxes;
3. It is necessary to simplify the process of establishment and registration of enterprises with a share of foreign investment and the proportional placement of enterprises with foreign investment in the territory of the republic;
4. It is necessary to identify areas, sectors, facilities of interest to foreign investors and ensure transparency of information about them. In particular, it is necessary to prepare presentations (in English), presentations, reflecting the investment potential of Uzbekistan. At the same time, increase the activity of local governments in providing foreign investors with complete information about the investment climate in the region - providing foreign investors with complete information (database of investment projects and business proposals, regional publications, raw materials and labor potential), investment conferences, seminars and presentations (on the territory of the republic and abroad);
5. It is necessary to develop the concept of "Economic Development in the Regions" aimed at increasing the effectiveness of regional programs to attract foreign investment in the national economy, its constant monitoring, increasing investment attractiveness;
6. Production (electricity, transport and communications, road construction, logistics, gas, clean water supply, etc.), market (commodity market, financial market and labor market) for the active attraction of foreign investment in the regions of the country, further development of social infrastructure (education, health, arts, culture, sports, social security, household services, housing, etc.) and attracting potential investors based on the announcement of tenders for promising investment projects based on the specifics of regional development should be.

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