



Influence of the Investment Environment on Economic Development

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Annotation: The article examines and analyzes the role of investment and banks in economic development, as well as international experiences in this regard. Also, the factors affecting the investment environment are analyzed, their interrelationships are shown, and directions for effective use of investments are suggested.

Key words: Investment, investor, investment environment, industry, banking, credit, risk, cost, profit, technology.

It is known from the world experience that in the implementation of socio-economic reforms, developing countries should further increase the investment activity of commercial banks as the main directions of the policy of lending and investments, create a solid basis for expanding the practice of lending, and improve the legal regulation of relations in attracting and protecting foreign direct investments. will try to implement an effective investment policy.

Naturally, not all enterprises in developing countries are financially stable. Many will need preferential loans and investments to start or expand their business.

It is self-explanatory, but entrepreneurs cannot develop without capital, and here banks, especially commercial banks, play an important role in the activities of enterprises. Also, after the establishment of an enterprise or business, the formation of working capital in them, and the cooperation of foreign investors in the assimilation of the techniques and technologies of advanced foreign countries are considered important.

Analysis of literature on the topic

In general, investments, like any other product or service, are observed to follow the basic laws of supply and demand. From this point of view, the lack of financial resources can be attributed to one of the following three possibilities: lack of supply, lack of demand, or both [3]. Also, the analysis of the investment environment in relation to the macroeconomic environment includes: firstly, an assessment of the importance of aggregate demand and the role of macroeconomic policy for the development of small enterprises; secondly, the role of various formal sector and informal sector credit organizations providing credit for the small scale sector, and the importance of advertising policy in providing small enterprises with management, technical and marketing information. As for internal factors, such as investment selection, employment, firm-level performance and efficiency, capital structure and ownership and incentive structures for management are taken into account [4].

World experience shows that when the above situations are analyzed by region, sharp differences were observed.

It is worth noting that in the developing economy, banks play an important role as money suppliers. Banks also organize the sale of shares and securities. Thus, industrial producers can get fixed capital with the help of banks. It is these banks that help to form new companies and new industrial enterprises and provide long-term loans to manufacturers [10].



Since our country gained independence, creating a favorable investment environment has been one of the priorities of our country's economic policy.

Research methodology

Comparative analysis, graphic representation, expert evaluation, dynamic series, analytical comparison, logical analysis and grouping methods are widely used in this research.

Analysis and results

World practice and research show that investment activity plays an important role in the development of the country's economy. It contributes to structural changes in the economy and social sphere, and has a direct positive effect on the volume of social production and employment of the population. At the same time, banking institutions play an important role in meeting investment demand.

Therefore, significant work is being done on the effective regulation of investment and foreign trade activities as a basis for improving the investment environment, increasing export potential, and rapid business development in Uzbekistan.

After all, as the President of the Republic of Uzbekistan stated, "it is necessary to reduce the participation of the state in conducting the investment policy and increase the share of private and direct investments", "next year it is necessary to absorb investments worth 23 billion dollars. As a result, 226 large industrial and infrastructure facilities will be put into operation".[2].

Also, special attention is being paid to domestic investments in our country, and additional measures are being implemented to facilitate this process and to increase the share of private funds of enterprises and residents, as well as bank loans, in total investments. As a result, bank loans and other debt funds accounted for 9.0% of total capitalized investments in 2010 and 14.9% in 2021. This indicator will be 27.0 trillion in 2021 compared to 2010. to soums or increased by 19.2 times (Table 1).

In general, the internal investment potential consists of the free funds of the population, enterprises and organizations in the country, and the state should develop a system that encourages the processes of introducing these funds into the economy as an investment, and by implementing it, increase the volume of internal investments into the economy [14].

Table 1. The composition of investments in fixed capital by sources of financing (percentage)

Sources Years	Own funds of enterprises and citizens	State budget funds	Bank loans and other loans	Foreign investments and loans	General information
2010	52.5	5.2	9.0	26.4	6.9
2011	57.1	5.5	10.6	19.8	7.0
2012	56.0	4.7	10.3	19.0	10.0
2013	57.9	5.0	9.7	18.1	9.3
2014	57.6	4.2	10.4	18.5	9.2
2015	56.2	4.2	11.0	18.5	10.1
2016	54.4	4.3	10.8	20.7	9.8
2017	47.3	4.8	12.6	23.8	11.5
2018	42.0	4.5	17.8	24.3	11.4
2019	29.3	9.0	13.8	43.6	4.3



2020	34.6	6.5	14.1	42.9	1.9
2021	34.4	6.4	14,9 _	42.6	1.7

Decree No. PF-5992 [1] of the President of the Republic of Uzbekistan dated May 12, 2020 "On the Strategy for the Reform of the Banking System of the Republic of Uzbekistan for 2020-2025" serves as a regulatory and legal basis for bringing the industry to a new stage.

It should be noted that most developing countries have more cases of inefficient use of investments than the experience of developed countries. For example, they spend the bulk of their investments on non-production, i.e. passive areas such as construction of social facilities or administrative buildings of large production enterprises. However, an investment is not just money to be spent, it is working capital that is intended to earn a profit and must be returned at some point.

Conclusions and suggestions

In order to activate investments, it is necessary to liberalize the activities of economic entities operating in the real sector of the economy. It will be necessary to constantly communicate with the business, to identify obstacles that prevent the development of certain sectors and to apply effective measures to eliminate them. It is also appropriate to consider the following areas:

first, in order to maintain economic development and stable growth rates, it is necessary to increase the competitiveness of the country's economy, to strengthen the measures of effective use of banks and foreign investors in financing;

secondly, it is necessary to further develop communication and transport infrastructure, which is one of the main factors in increasing investment attractiveness and creating a good investment environment;

thirdly, in order to ensure the rapid growth of private investments, it is necessary to revive the promotion of investment activities by developing public-private partnerships and project financing tools;

fourth, to completely eliminate bureaucratic obstacles and restrictions in the implementation of investment projects through digitalization and remote provision of public services, it is necessary to optimize relations between investors and the state and ensure maximum transparency;

fifth, it is necessary to improve and implement the investment policy strategy focused on the most promising sectors that can create a basis for the development of the country's industrial production capacity in the future.

In conclusion, it can be said that paying great attention to the practical support of value-added industrial enterprises and the initiators of investment projects, deepening reforms on the development of exports and investments, providing economic and financial freedom, strictly ensuring the inviolability of private property rights, protecting the rights of investors, institutionally creation of favorable conditions, close cooperation with investors and exporting enterprises, as well as development and implementation of quick and effective solutions based on an individual approach to solving the problems of each business entity will serve to improve the investment environment of the country. As a result, it will be possible to finance the real sector of the economy and study advanced foreign experiences, as well as to adopt cost-effective modern technological achievements in all aspects, as well as to achieve economic growth and improve the lifestyle of the population by creating additional jobs.



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