

How to Cite:

Fatykhovna, G. U. (2022). Evaluation of state investment activity and development tendencies. *International Journal of Health Sciences*, 6(S2), 6785–6794.
<https://doi.org/10.53730/ijhs.v6nS2.6641>

Evaluation of state investment activity and development tendencies

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Abstract---The article describes the state of macroeconomic policy in attracting investment to the country, the measures to be taken and the procedures for the implementation of legal, organizational and economic mechanisms. The volume of investments in fixed assets by sources of financing was also analyzed.

Keywords---investments, investor, investment project, investment environment, investment activity mechanism.

Introduction

As a result of the ongoing economic reforms in the country, investment policy has focused on increasing investment potential in all sectors of the economy, as well as by increasing investment activity in the regional economy. The formation of a new investment mechanism in the country has been carried out gradually. From this point of view, we consider it theoretically important to analyze the investment activity in several stages according to the changes taking place in all sectors of the economy and the formation of market relations.

The legal, organizational and economic framework for attracting domestic and foreign investment has been formed to increase investment activity, and the emergence of a system to increase the activity of all sectors has led to changes in the structure of investment sources. As a result, the company has formed a process of increasing its share of own funds, commercial bank loans and foreign direct investment in this area.

Literature review

The concept of "investment activity" is inextricably linked with the concept of "investment process". There are several definitions of this term in the economic literature. For example, EM Ilinskaya and TP Denisova describe the investment process as the creation of investment goods in the form of finished or intermediate products¹. According to NS

¹ Ilinskaya T.P, Denisova E.M., Investitsionnaya deyatel'nost': realnye i finansovye vlojeniya / -

Kosov, the investment process as an economic category reflects the totality of relations between the participants of the investment sector at all stages, both in production and social spheres, related to the maintenance, improvement and expansion of fixed and working capital².

U.Sharp, considering the essence of the investment process, divides it into stages, distinguishing the following: the choice of investment policy; securities market analysis; formation of a securities portfolio; revision of the securities portfolio; evaluating the effectiveness of the securities portfolio³. Dedicated to the analysis of the formation and implementation of the country's investment potential, F.S. The approach proposed by Tumusov is also noteworthy. It is a set of investment resources, consisting of a portion of the accumulated capital, expressed in the form of investment demand in the investment market, which has the potential to turn "investment potential" into real investment demand that meets the material, financial and intellectual needs of capital reproduction⁴ interpreted as. In our opinion, the investment potential is determined by the openness of the country to the inflow of investments and the availability of reserves of economic resources, their size.

Research methodology

The article used comparative analysis as well as induction and deduction assessment methods. Using the comparative method, the data on tax benefits were analyzed and scientific conclusions were made.

Analysis and discussion of results

The first stage is the low level of production and services in 1991-1994, high inflation, state budget deficit, scarcity and lack of capital inflows. During this period, the share of capital expenditures in GDP decreased from 18.7% to 15.5% of capital investments, respectively, by 50%. The volume of investments in the agricultural sector is 24.4%. The second phase covers the years 1995-2005. During this period, economic growth in the republic began slowly. The share of investment in GDP averaged 28.5%, capital investment 8.6% and GDP capacity growth 6.6%.

The third phase covers the period from 2005 to the present. During this period, high growth rates of investment were observed. The average annual growth rate of capital investment in GDP was 4.7% and its share was 21.1%, while the growth of capital capacity of GDP decreased from 5.4% to 2.8%. As a result of achieving macroeconomic stability in the economy of the republic, the volume of foreign capital attracted to the manufacturing sector amounted to 86.2%, of which 24.2% to agriculture.

SPb: [b. i.], 1997. - 151 p

² Kosov N.S. Basics of microeconomic analysis Uchebnoe posobie. Tambov: Izd-vo Tamb. gos. techn. un-ta, 2006

³ Sharp, U.F. Investitsii / U.F. Sharp, G. Dj. Alexander, Dj, Beyli; per. s angl. - M.: INFRA-M, 1997. - 1024 p.

⁴ F.S.Tumusov. Investment potential region: theory, problems, practice.-M., «Economics», 1999. P.272.

During this period, the liberalization of the economy led to an increase in investment activity in the private sector. Compared to 2000, the volume of decentralized investments has tripled, and their share in total capital investment increased from 45.8% in 2015 to 76.6. The share of private investment in the structure of capital investments in 2015 amounted to 48.5%.

Table 1
The main socio-economic indicators of investment ⁵

Indicators	2015	2016	2017	2018	2019	2020	2021 January- June
Investments in fixed assets - total, bln. sum	44810,4	51232,0	72155,2	124231,3	195927,3	210195,1	103055,7
The share of fixed capital investments in GDP, %	21,3	21,1	23,9	30,6	38,3	36,2	32,4

The changes in the investment process in the country are mainly due to the priority given to attracting investment in industry, agriculture and services, which are important in ensuring sustainable GDP growth. The state of the main socio-economic indicators of investment can be seen in the data in Table 1.

Table 1 shows that the share of capital investment in GDP in 2015 was 21.3%, and by 2020 it increased to 14.9% and amounted to 36.2%. In January-June 2021, the share of capital investment in GDP amounted to 32.4%. Data on the volume of investments in fixed assets in the Republic of Uzbekistan and the regions of the country are given in Table 2. possible. In 2020, this figure decreased by 4.4% compared to the previous year. In January-June 2021, the volume of disbursed investments increased by 5.9% compared to the same period last year.

⁵ www.stat.uz - Developed by the author on the basis of the website of the State Statistics Committee of the Republic of Uzbekistan.

Table 2
Investments in fixed capital, (growth rate, in%)⁶

Republic of Uzbekistan	104,2	102,6	110,6	111,3	109,8	109,4	104,1	119,4	129,9	138,1	95,6	105,9
The Republic of Karakalpakstan	63,9	163,4	113,5	170,7	145,8	133,5	56,2	60,4	169,9	100,3	69,9	100,8
regions:												
Andijon	94,6	120,9	118,9	94,6	100,7	105,1	102,4	114,3	113,7	129,0	110,6	98,6
Bukhara	73,6	84,8	100,3	105,7	101,0	98,7	120,8	154,7	60,6	95,9	104,7	150,1
Jizzax	118,0	111,5	120,6	127,4	94,8	96,9	102,7	108,2	158,1	194,9	147,4	114,0
Qashqadaryo	67,4	108,4	117,2	103,8	114,9	112,4	108,9	129,7	112,4	131,2	76,5	61,7
Navoi	248,6	71,0	103,9	93,9	94,1	90,7	144,1	107,4	188,0	144,3	77,1	91,9
Namangan	90,3	96,2	105,2	116,7	130,9	108,5	108,2	110,2	178,1	131,1	88,0	91,6
Samarkand	127,4	104,6	102,5	119,9	101,6	115,8	103,4	105,7	131,4	134,5	128,8	109,3
Surxondaryo	95,8	104,8	107,9	123,2	96,5	110,3	107,6	148,4	164,2	144,0	77,4	126,2
Sirdaryo	153,9	121,2	93,3	107,5	104,2	97,9	107,9	115,4	131,0	186,0	111,2	156,1
Tashkent	104,0	118,7	79,0	144,0	114,8	99,3	87,0	118,4	139,9	158,5	92,2	116,2
Fergana	107,3	122,7	110,1	124,2	94,0	98,7	97,1	98,6	145,9	132,0	113,5	112,7
Khorezm	133,8	134,5	114,9	137,3	110,8	87,2	97,8	128,5	111,7	150,7	92,7	141,0
Tashkent	147,6	94,5	137,1	82,3	108,0	102,3	119,5	121,4	138,2	145,8	108,6	117,1

Increasing investment activity in the country is determined not only by economic regulators, incentives and the creation of favorable conditions for domestic and foreign investors, but also by the level of improving the infrastructure and organization of investment processes serving businesses. Economic and financial incentives and investor support measures will have a temporary effect. World experience shows that the peculiarities of entrepreneurship, including high risk, reduce the interest of investors to continue their activities after the expiration of any benefits, leading them to attract the economy to other sectors. Over the next 20 years, despite the introduction of a broad system of tax, price, customs and other incentives for the country's economy in China, it has paid off in the early stages, but in subsequent periods the cost of concessions has begun to outweigh the benefits. Therefore, China has pursued a policy of abolishing these benefits and focusing on the establishment of market economy institutions and the comprehensive support and improvement of their activities.

Emphasizing that the use of "temporary" methods in the country's economy, the financial condition of the sector in the context of economic liberalization, the formation of new forms of economy and limited domestic investment opportunities will serve as an important factor in expanding investment potential and opportunities. Enhancing the investment attractiveness of a sustainable enterprise by focusing on strengthening institutional and organizational measures that will make it more effective will increase its activity by strengthening its scientific and practical potential.

The figure below shows the mechanisms of investment activity in the country⁷.

⁶ www.stat.uz - Information on the website of the State Statistics Committee of the Republic of Uzbekistan.

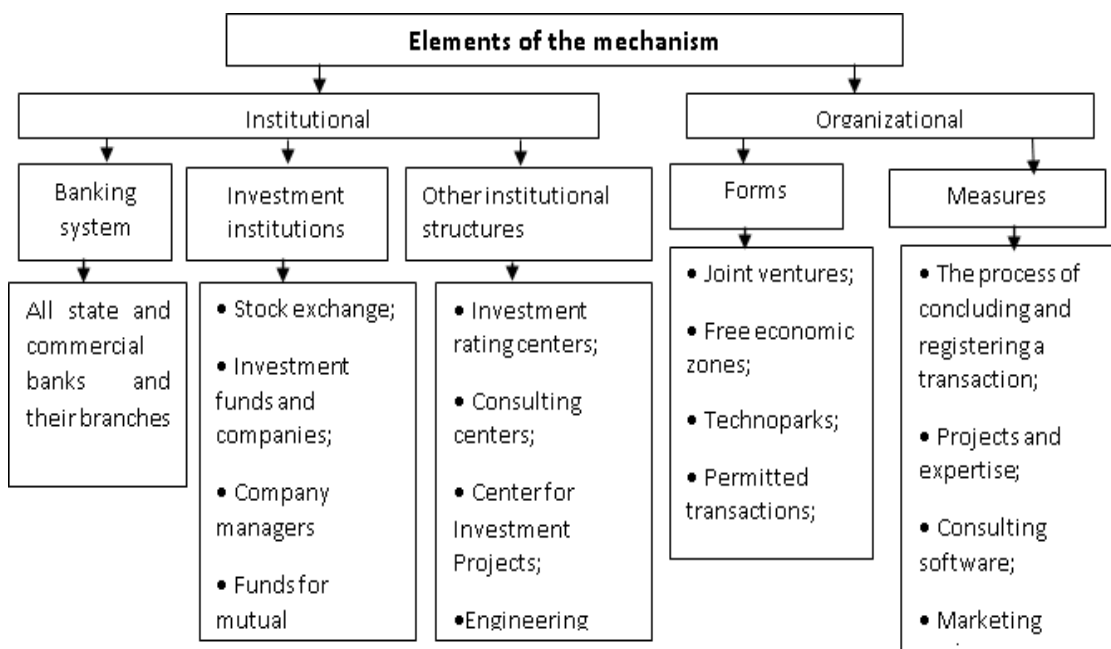


Figure 1. Mechanisms of investment activity in the country⁸.

In order to increase investment activity in the country and form a favorable investment activity, it is necessary to positively address the following tasks.

- creation of effective market mechanisms for directing capital to sectors of the economy with a high level of capital supply to areas with a lack of capital;
- Development of institutional market infrastructure to ensure the attraction of capital for investment in sectors of the economy;
- formation of investment markets in the regions, attracting and directing capital investment in the production investment of the population, dehqan and farm farms, as well as small businesses and private entrepreneurship;
- development of the banking system serving the country and increasing their capitalization;
- improving the organizational forms of attracting investment;
- Improving the participation of the state and investors in the justification and adoption of ideas in the implementation of projects in the regions;
- organization of investment information-consulting and marketing support, etc.

Mechanisms for attracting, accumulating, using investments in the country and institutional elements of development in other sectors are underdeveloped. Such institutional conditions for investment are suitable for all countries transitioning

⁷ Муаллиф ишланмаси.

⁸ Xusanov D.N. Theoretical bases of ensuring investment activity in agriculture Magazine "Economy and Education" No. 5, 2016

to a market economy. their share is 5-10%. Other funds are distributed through banks and special credit institutions at all levels.⁹

An analysis of the role of countries with a large share in the country's foreign trade shows that the countries with the largest share in the country's foreign trade are China, Russia, Kazakhstan, the Republic of Korea, Turkey and Germany. In the republic's foreign trade turnover, China accounted for 16.9% in 2016, while in 2020 this figure increased by 2.1% to 19%. (Table 3)

Table 3
The role of the Republic in the trade turnover of countries with a large share in foreign trade turnover, in%

Мамлакатлар					
China	16,9	19,9	17,2	18,5	19
Russia	21,8	17,5	17,2	17,9	16,9
Kazakhstan	12,6	12	8,6	7,7	8,9
Republic of Korea	7,2	6,8	4,2	5,1	6,3
Turkey	5,4	4,7	4,8	5,7	6,4
Germany	2,4	2,1	2,1	2,3	2,3
Afghanistan	2,1	1,8	2,2	2,3	1,8
Eron	1,3	1,5	1,7	1,2	0,9
Ukraine	2,2	1,3	1	1,1	1,3
Turkmenistan	1,5	1,3	0,9	0,7	0,9
India	1,1	1,3	1,5	1,2	0,8
France	1	1,2	1,1	0,9	0,9
United States	1	1	1,8	0,8	1,2
Other countries	23,5	27,6	35,7	34,6	32,4

In the foreign trade turnover of our country, Russia in 2016 amounted to 21.8%, while by 2020 this figure decreased by 4.9% to 16.9%. Kazakhstan, respectively, was 12.6 percent in 2016, down from 3.7 percent in 2020 to 8.9 percent. In the context of priority given to entrepreneurship in the sustainable development of sectors of the economy of the country, first of all, the formation of their investment potential requires development, as well as state support in the early stages of development. To do this, it is necessary to improve the investment policy, which includes measures to organize and develop the sources of investment potential in this area, the investment process, the investment climate, investment attractiveness, investment activity, the composition and amount of investment based on market principles.

Our research shows that the activities of forms of entrepreneurship in the context of economic liberalization require the identification and justification of sources of financing their activities, based on their interests, in increasing their direct

⁹ Investitsionno finansovyy portfolio (Kniga investitsionogo menedjera) / otv. Red. Yu.B.Ruban, V.I.Soldatkin. -M., SOMINTEK -1993.S. 156.

investment activity. This process is carried out at the macro and micro levels, ensuring that their interaction is an important factor in increasing the investment activity of the country.

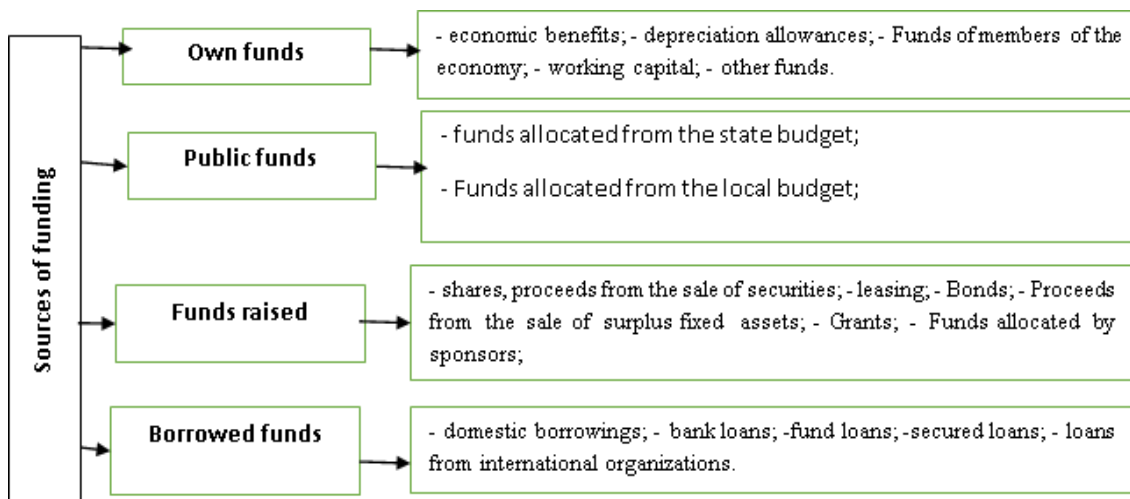


Figure 2 Sources of financing investment activities.¹⁰

No matter how much the state of macroeconomic policy, measures and legal-organizational-economic mechanisms have been improved in attracting investments to our country, the level of specialization of production at the regional level will not be fully taken into account. Therefore, it is necessary to analyze the sources of financing of investment funds, as the specific, natural-economic, location, specialization and social conditions of the regions are different. (Table 4)

¹⁰ Д.Н. Хусанов. Аграр соҳада инвестиция фаоллигини оширишнинг долзарб масалалари. Biznes эксперт журналі. 2017 йил. 9-сон.

Table 4
Investments in fixed assets by sources of financing, in percent ¹¹

	Enterprises and the population's own means	Funds received	from them:			Enterprises and the population's own means	Funds received	from them:			Enterprises and the population's own means	Funds received	from them:		
			State budget	Bank loans and other borrowing	Foreign investments and loans			State budget	Bank loans and other borrowing	Foreign investments and loans			State budget	Bank loans and other borrowing	Foreign investment and credits
	2018 year					2019 year					2020 year				
Republic of Uzbekistan	42,0	58,0	4,5	17,8	24,3	29,3	70,7	9,0	13,8	43,6	40,8	59,2	6,8	7,6	42,7
The Republic of Karakalpakstan	37,9	62,1	3,0	14,1	23,7	34,3	65,7	15,3	7,1	36,9	39,1	60,9	12,1	7,7	38,9
regions:															
Andijon	47,8	52,2	4,1	25,7	14,8	38,2	61,8	8,6	12,3	39,6	47,6	52,4	6,3	8,7	36,3
Bukhara	35,5	64,5	2,4	13,9	44,0	28,9	71,1	7,1	9,1	53,9	38,3	61,7	5,8	7,4	48,2
Jizzax	44,3	55,7	9,4	26,8	8,7	22,5	77,5	10,8	15,6	48,8	20,9	79,1	5,5	9,3	61,9
Qashqadaryo	33,6	66,4	1,9	6,3	51,1	22,2	77,8	3,7	3,0	70,3	21,6	78,4	3,6	3,8	69,3
Navoi	37,1	62,9	0,7	6,0	34,0	15,7	84,3	2,8	22,1	39,9	25,8	74,2	1,9	2,3	67,8
Namangan	29,7	70,3	2,8	15,7	33,5	29,4	70,6	4,9	15,9	45,8	41,9	58,1	5,9	14,3	37,2
Samarkand	57,5	42,5	2,7	27,1	4,7	38,5	61,5	12,1	20,0	27,8	53,0	47,0	8,0	10,7	27,0
Surxondaryo	34,9	65,1	3,2	28,9	21,4	15,7	84,3	5,8	11,1	66,3	23,7	76,3	7,5	7,6	60,1
Sirdaryo	34,9	65,1	9,6	36,1	9,6	20,4	79,6	10,5	22,4	44,8	29,9	70,1	7,8	11,2	48,7
Tashkent	51,0	49,0	3,4	20,7	9,6	38,6	61,4	11,5	16,2	26,0	51,6	48,4	9,6	8,8	26,7
Fergana	46,1	53,9	3,6	22,9	19,4	34,7	65,3	8,1	13,7	42,7	43,3	56,7	7,6	7,0	41,3
Khorezm	49,1	50,9	5,0	25,0	8,5	32,8	67,2	9,5	13,6	42,5	41,2	58,8	8,5	14,5	32,0
Tashkent	49,7	50,3	6,0	20,3	15,1	36,6	63,4	7,6	16,1	36,7	54,0	46,0	6,8	6,1	29,9

In the process of development of enterprises, investment activity from the above four sources is provided mainly by public funds and borrowed funds, while own funds and borrowed funds remain low due to low solvency and limited opportunities in the economic activities of farms. In strengthening the investment potential of business entities, it creates a period of time necessary to increase their profits, depreciation allowances and other domestic funds and reduce their debt, which are the sources of their own funds, and ensures the continuity of the reproduction process.

Conclusions and Suggestions

The analysis of the data obtained as a result of the study showed that a comprehensive system of measures should be developed and implemented to address the existing shortcomings and problems in the investment process in the Republic. Taking into account the current investment activity and attractiveness of our country, we consider it expedient to implement these measures in the following areas:

- Determining the priorities for attracting investment in sectors of the economy based on real conditions;

¹¹ www.stat.uz - Developed by the author on the basis of the website of the State Statistics Committee of the Republic of Uzbekistan.

- providing the investment process with a system of scientific and practical assessment;
- implementation of preferential credit, tax and depreciation policies;
- Development of investment projects at the regional level, taking into account the realities of the economy;
- Improving the development of business plans in the organization of entrepreneurship, including the justification of investment activities and identification of sources of funding, etc.

In order to increase investment activity and its efficiency, the above-mentioned measures should be based primarily on economic, social and environmental forecasts, as not only economic but also social and environmental aspects play an important role in achieving high efficiency in attracting investment to the economy. Therefore, investment programs and projects developed within the country should be aimed at socio-economic and environmental goals. Ultimately, investments in our country will not only increase the efficiency of production in the industry, achieve sustainable development, but also increase the export potential by producing environmentally friendly and quality products, filling the domestic and foreign markets with quality and competitive products and improving the environment.

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