

# ANALYTICAL BASIS OF INVESTMENT PROCEDURES IN UZBEKISTAN AND THEIR TENDENCIES OF DEVELOPMENT

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***ABSTRACT**--In the context of globalization, the country is trying to make the most of its opportunities and benefits in a competitive struggle for foreign capital, which is attracted primarily by the global markets. Systematic work carried out in our country in recent years to create a favorable investment and business climate, open access to foreign investment, ensuring legislative stability, development of small business and private entrepreneurship, thorough improvement of the investment climate is the basis for the growth of investment in our economy. As the President of the Republic of Uzbekistan Sh.M. Mirziyoev noted: "We need to take measures to fully realize the investment potential of our country in order to attract foreign investments. If we can formulate investment projects by region and industry for investors who want to invest in our economy, we can achieve a positive result."*

***Keywords**—analytical, basis, investment procedures, uzbekistan, their tendencies, development*

## I. INTRODUCTION

At present, the socio-economic development of the countries of the world differs significantly from previous ones. The most important thing is the increasing competition in the international arena as a result of the growing integration and globalization of national economies and the struggle of each country to strengthen its position in the international labor division. In this struggle, the countries that have invested heavily in foreign investments in the national economy, and have been upgrading the economy, achieve higher levels of economic growth and dominate world competition. During this period, the Republic of Uzbekistan should become a member of international financial institutions in order to attract more foreign investment into the national economy and improve its investment activity using international experience of developed countries. This will increase the

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interest of foreign investors to invest heavily in the Uzbek economy and create a favorable investment climate for them.

According to foreign scientists Van Lu (1977), E. Burenstein, H. Degregorio, foreign investment stimulates economic growth through the development of technology and human capital. According to studies by X.San (1992) J. Shan (2002), FDI plays an important role in increasing exports of the economy of the recipient country. Economists such as A. Vahabov, Sh.Khojibaqiev, Muminov have noted about the investment climate the following: "Investment climate is a set of economic, political and social factors that determine the level of risk for foreign capital investments and their ability to effectively use them in the country. The investment climate is a complex, multidimensional concept with indicators such as national legislation, economic conditions (crisis, growth, stagnation), customs regime, currency policy, economic growth rates, inflation rates, exchange rate stability, and external debt levels. "

The "investment sphere" and the "investment climate" are used interchangeably. In this regard, economists D.Gozibekov and T.Koraliev commented: "The investment climate is a very broad concept that combines all of the issues and issues that are considered by the investor. The investor will identify the disadvantages and disadvantages of investing in a particular country, while at the same time paying close attention to the ideology, politics, economy and culture of the country seeking to invest its capital. "

The investment climate is a common criterion for the allocation of investment resources and, above all, the return on capital. "Investment climate means a set of economic, social, organizational, legal, political, environmental, cultural and other conditions aimed at ensuring the efficiency and security of investment in a particular region of the country." represent the pros and cons of conditions.

Investment attractiveness can be determined by the degree of profitability, development prospects and investment risk by country, sector or individual enterprise. The inflow and development of investments in any country is directly dependent on the factors affecting the investment climate in that country. Factors affecting the investment climate are divided into 4 groups, which constitute legal, political, economic and social factors. The investment climate in each country is primarily reflected in its political stability. The same factor allows foreign investors to invest their resources in another country on a long-term basis. This environment is very important for the implementation of long-term investment plans.

## II. RESULT

Thus, the investment climate is a reality that reflects a set of opportunities and opportunities for investment relations. The goal of improving the investment climate is to create the necessary and favorable conditions for enhancing the investment potential, accelerating and ultimately investing in the economy, addressing social problems, and increasing production efficiency.

An in-depth analysis of the country's development path, the rapid change in the global market situation, and the increasing competition in the context of globalization require the development and implementation of fundamentally new approaches and principles for our country's more sustainable and dynamic growth.

The 'Action Strategy' has begun a new phase in the development of national legislation, characterized by the increased importance of the investment climate to the creation of basic conditions for doing business. In particular, the Decree of the President of the Republic of Uzbekistan dated October 5, 2016, PF-4848 "On additional measures

to ensure accelerated development of entrepreneurship, comprehensive protection of private property and qualitative improvement of the business environment".and Decree of the President of the Republic of Uzbekistan dated February 7, 2017 N UP-4947 "On the strategy of action for the further development of the Republic of Uzbekistan" Decree of the President of the Republic of Uzbekistan dated August 1, 2018 N UP-5495 "On measures to radically improve the investment climate in the Republic of Uzbekistan" Decree of the President of the Republic of Uzbekistan dated January 8, 2019 "On additional measures to further develop the economy and increase the effectiveness of economic policy". In order to put into practice the provisions of the Decree, a package of measures has been approved in 42 priority areas for accelerated development of entrepreneurial activity, comprehensive protection of private ownership and qualitative improvement of the business environment.

In accordance with the Decree of the President of the Republic of Uzbekistan dated January 8, 2019 "On Additional Measures for Further Development of the Economy and Increasing the Efficiency of Economic Policy" the following measures have been identified to create a favorable investment climate:

- Development of the "Road Map" to improve the investment climate:
- Adoption of the FDI Strategy and Investment Code, taking into account the best international practices;
- Taking measures to identify systemic issues that hinder the attraction of foreign investments, first of all, direct investments;
- Further improvement of the institutional framework for working with foreign investors;
- increasing the effectiveness of the special economic zones

However, today there is insufficient development of market infrastructure (attraction of banks, investment (venture capital), insurance and leasing companies) in attracting foreign investments into the country, effective participation in investment projects, and the experience of entrepreneurs working with investment projects. There are a number of problems with lack of knowledge.

Tasks on further development of international economic cooperation of the "Action Strategy" to increase investment attractiveness in the Republic of Uzbekistan, including expansion of contacts with leading international and foreign financial institutions, continuation of well-thought-out foreign borrowing policy, The investment portal of Uzbekistan was established.

In order to further improve the investment climate in the Republic of Uzbekistan, a portal for potential investors is presented in eight languages, which provides investors with investment potential of our country and its regions, raw materials, export and import confidence, infrastructure, commodity prices, utilities, demographics and investment decisions. may receive additional information required for admission. The investment portal of Uzbekistan has developed an interactive map showing the location and location of free economic zones, small industrial zones operating in the country. To increase investor confidence and improve the investment climate, a questionnaire is posted online to report on existing problems in foreign investment. For the heads of the enterprises of our country who wish to cooperate with foreign investors, separate departments are opened. The Ministry of Foreign Trade and Foreign Trade was established on the basis of the Ministry of Foreign Trade and the State Committee on Investments in accordance with the Decree of the President of the Republic of Uzbekistan dated January 28, 2019, PF-5643 "On measures to improve the management system in the sphere of investment and foreign trade".The Law of the Republic of Uzbekistan "On Investment Activities" Laws of the Republic of

Uzbekistan adopted by the Legislative Chamber on June 26, 2018 were amended and supplemented. This revised law is a completely new mechanism for attraction of investments in the real sector of the economy in Uzbekistan and the formation of projects. According to the law, public investment programs are called state development programs of the Republic of Uzbekistan. State development programs of the Republic of Uzbekistan - are based on the concepts of sectoral, regional and targeted development, approved for long-term perspective and aimed at achieving sustainable and sustainable development of the economy, rational use of available natural, mineral, financial, material, labor and other resources. Implementation of the main priorities and objectives on the structural transformation of certain sectors and regions of the country's economy is a set of interrelated measures approved by the President of the Republic of Uzbekistan.

In accordance with the Decree of the President of the Republic of Uzbekistan dated August 1, 2018 No. PF-5495 "On measures to radically improve the investment climate in the Republic of Uzbekistan", the following privileges were granted to foreign investors in the country

- Reduction of the minimum share of foreign investments in the authorized capital of enterprises with foreign investments from 30% to 15%;
- cancellation of the requirement that a foreign legal entity should be a participant of an enterprise with foreign investments;
- reducing the minimum charter capital of enterprises with foreign investments from 600 million to 400 million soums;
- triple the size of state duty for state registration of enterprises with foreign investment;
- approval of the minimum size of the authorized capital of joint-stock companies in the amount of 400 million soums.

Acquisition of shares and shares of business companies in the amount of not less than 8,500 minimum salaries established by the Republic of Uzbekistan at the time of investment, as well as multi-year visas for foreign nationals and stateless persons who have made investments in the Republic of Uzbekistan the right to extend its validity without limitation beyond the borders of the Republic of Uzbekistan

According to the World Bank's Doing Business Index in 2018, Uzbekistan is ranked 76th among 189 countries. According to the World Bank report, Uzbekistan is currently ranked 42nd in the world in terms of "support for new business", 32nd in enforcement of contracts, and 75th in the effectiveness of bankruptcy procedures applied to economically insolvent enterprises. . Uzbekistan is among the top ten countries in the world that have achieved excellent results in improving the business environment in recent years.

The World Bank and the International Finance Corporation's annual report on Doing Business developed a roadmap to improve Uzbekistan's rating, envisaging measures to increase its 66th place in 2020, 33rd place in 2021, and 20th place in 2022. At the same time, by the Decree of the President of the Republic of Uzbekistan dated February 25, 2019 "On measures to improve the role of the Republic of Uzbekistan in international ratings and indexes", the formation of a unified and independent system of assessment of reforms in the country. Ministry of Justice of the Republic of Uzbekistan and Ministry of Justice of the Republic of Uzbekistan a national system of monitoring and evaluation of the position has been implemented.

According to experts, the adoption of these regulations has significantly improved the legal environment for investment activities in the country, which has a positive impact on the investment climate and the inflow of foreign investments into the national economy.

In accordance with the Investment Program of the Republic of Uzbekistan for 2019, it is planned to use capital investments for about 14 billion dollars within the framework of more than 3,200 investment projects. Of these, more than \$ 4 billion will be foreign direct investment. He suggested introducing a new system of control to ensure timely development of investments by the President. According to him, in 2019 all projects with FDI will be divided into four lists and will be monitored separately and consistently.

• Proceeding from the above, along with attraction of foreign investments in our country, the following tasks are also urgent in the national economy:

- • Prioritize the processing of raw materials and the production of high value added products;
- • increasing the competitiveness of domestic products in foreign and domestic markets through the introduction of international quality and certification standards;
- • Introduction of modern methods of management and management through the adoption of international business standards;
- • Integration of the local economy into the global market through the development of cooperative ties with foreign companies, in particular through their production chain.

### III. CONCLUSION

The following are identified as priority areas for the creation of a favorable investment and business climate in the economy of the Republic of Uzbekistan, broad attraction of foreign direct investments, improvement of mechanisms and instruments to stimulate savings by the state, enterprises and the population:

- Coordination by encouraging investment in developing resource priorities and restraints in the allocation of investment resources, and by enhancing the government's role in strengthening private property safeguards;
- Ensuring investment and business conditions (through the simplification and improvement of a favorable investment and business environment, access to credit resources, formalization in lending and international trade);
- Increasing the responsibility for decisions made by local governments, while improving the regulatory framework for the provision of broad tax incentives for the attraction and investment of regions in the regional policy and the increase in tax revenues in the region;
- Conducting effective administrative reforms in the areas of tax administration, antimonopoly policy, currency and credit markets, competition development and integration of foreign economic activity to improve business and investment climate.
- Creation of a favorable investment climate for attracting foreign direct investment by providing additional privileges and preferences by foreign investment enterprises in free economic zones, priority sectors and territories. Simplifying visa procedures for managers of joint ventures and their engineers and ensuring access to services of their production infrastructure;
- Harmonization of national investment legislation with international and regional standards, taking organizational and legal measures related to Uzbekistan's accession to the World Trade Organization, using various

models of legal regulation of state support of investment activity in international practice, organizational and legal support for digital investment. solving problems related to the creation of foundations, and in turn, unification of investment and investment legislation inking;

- Establishment of a stable tax legislation system for macroeconomic, legal and administrative conditions and opportunities for foreign investment enterprises, and the development of a program for attracting foreign investment into the economy of Uzbekistan and taking into account international and national norms in establishing new free economic zones;

- Creation of an effective mechanism for financing, promising and piloting promising scientific developments, first of all, providing additional incentives and incentives to high-tech industries and businesses developing and implementing innovative projects. In this regard, it is expedient to adopt the Law “On Scientific and Innovative Activity”. It is necessary to develop appropriate decisions of the Cabinet of Ministers of the Republic of Uzbekistan on the development of effective mechanisms for attracting foreign investments through the introduction of various financial support systems for high-tech industries and innovative enterprises.

- Entrepreneurs should be encouraged to obtain the necessary financial resources to finance modernization, technical and technological renovation of production by issuing securities and placing them on stock exchanges. For this purpose it is desirable to develop existing norms for improvement of the existing corporate governance system, to make changes to existing legal and regulatory documents for the development and introduction of corporate securities;

- The procedure and requirements for mandatory certification of technology products should be reviewed. It is desirable to simplify the procedure of recognition of internationally recognized companies and certificates of technological products of foreign countries and to develop resolutions of the Cabinet of Ministers of the Republic of Uzbekistan on improvement of the technology certification system.

- Efforts to improve investment potential of Uzbekistan and improve its depreciation policy, reduce tax burden, dramatically increase stock market positions, revitalize investment activities of the population and entrepreneurs, and create a favorable investment and business environment for large-scale private investment. During the period of attraction of foreign investments it will increase its volume by at least 1.2-1,3 times a year.

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