

Importance of Investment in Modern Economy

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Abstract: This article talks about the understanding and importance of investments in the modern economy, in particular, foreign investments, and the ongoing work on attracting foreign investments.

Keywords: Economy, modernization, investment, development, reform, network, attitude, process.

In the conditions of modernization of the economy, investment activity is of great importance. The level of development of each country, that is, the development and economic growth of the economy, largely depends on the investment processes in the country. Sustainable economic development of any society cannot be imagined without investments. It is especially evident today that the future growth of any country depends on the state of investment attraction. We all know that when reforms and innovations are implemented on their own, the end result may not be as expected or the expected result may be achieved later. That's why all sectors will be supported by the government to the required extent in the development of new economic system and relations, which will guarantee the effectiveness of the ongoing reforms. The gradual implementation of economic reforms and renewals in our country, and the role of the state as the main reformer in this process, is a special impetus for the country's transition to a market economy. This process requires making many new and important decisions for the economy of our country regarding attracting investments and regulating their management.

A broad and detailed analysis of specific achievements and successes achieved in investment activities, important practical conclusions based on this basis, among the most urgent issues that we should pay attention to in the future, in determining the priority directions of our country's development and development programs, of course, the main focus is on foreign investments it should be noted that it is directed. By increasing investment attractiveness, the following can be achieved:

- the entry of national and foreign investment into the economy will be activated, as a result of its proper use, modern and resource-saving technology will be brought to the real sector, the existing ones will be modernized, and relatively low-cost goods will be produced for export and the national market;
- provides jobs to the growing population by developing small business and private entrepreneurship, developing production in sectors such as agriculture, industry and service, using national and foreign investment;
- it will be possible to form new business entities in the country and thereby improve the competitive environment in the domestic market, provide the population with quality and cheap products.

Acceleration of globalization processes in the world requires increasing the possibility of attracting foreign investments in the economy of countries. In this regard, a number of measures are being implemented in our country. In particular, in the strategy of the investment policy of the Republic of Uzbekistan until 2025, increasing the competitiveness and balance of the economy, developing the production and export potential, developing the regions and increasing the well-being of the population, until the end of 2025, the share of centralized investments in GDP is 37.5%. The main goal of the investment policy is to reach 1002.5 billion soums. 39 The development of international trade between countries, the expansion and improvement of production integration are the cause of further liberalization of foreign economic activity. According to the decree of the President of the Republic of Uzbekistan No. PF-158, the strategy "Uzbekistan - 2030" was developed. According to it, further increase of the investment attractiveness of our country, absorption of 250 billion dollars of investments in our country, including 110 billion dollars of foreign investments and 30 billion dollars of public-private partnerships, maintaining the investment rating of the regions, based on the capabilities of each region, the main goals of further increasing its attractiveness for investors were set. 40. Attracting foreign investments to the economy of our country accelerates the expansion of its economic opportunities, utilizes internal opportunities and reserves in all areas, and is of great importance in ensuring the economic development of our country.

The role and importance of investments, including foreign investments, at the micro level is also important. Attracting foreign investments to business entities is the main factor in the growth of production efficiency, increase in product quality, increase in wages, as well as effective integration into world markets. Today, in the development of foreign economic activities of countries, the main goal of business activity is to produce competitive products with the help of foreign investments, to deliver them to the market and to achieve high efficiency. Also, investments have a positive effect on the efficient functioning of the financial market. In this direction, investments of foreign investors in the national economy in the form of portfolio investments will have an indirect effect on the development of production in the country, as a result of the purchase of loans and securities, an opportunity to finance production will be created. Sharply increasing the amount of foreign investments attracted to the national economy and using them with high efficiency is one of the urgent issues in the development of the economy. World experience shows that no country can develop sustainably without using the achievements of other countries in the field of science and technology. As deep economic reforms and structural changes are implemented in the economy of Uzbekistan, it is impossible to imagine that it will be achieved without the effective use of foreign investments. Direct contact with international financial institutions in attracting foreign investments to the national economy of Uzbekistan is an urgent direction to stabilize the economy, industrialize the real sector and take a place among developed countries.

World experience shows that any country that has pursued an active investment policy has achieved stable growth of its economy. Therefore, it is no exaggeration to say that investment is the "driver of the economy". With the investment, new technologies, advanced experiences, and highly qualified specialists will enter various industries and sectors, regions, and entrepreneurship will develop rapidly. The importance of foreign investments in the development of the national economy is explained by the following:

firstly, it introduces modern techniques and technologies into production and develops the production of products intended for export;

secondly, it makes it possible to start the production of goods that replace imports and for this purpose to direct foreign investments to the priority sectors of the economy and ultimately to ensure the standard standard of living of the population;

thirdly, it provides jobs for the growing population by developing small business, private entrepreneurship and accelerating agricultural production;

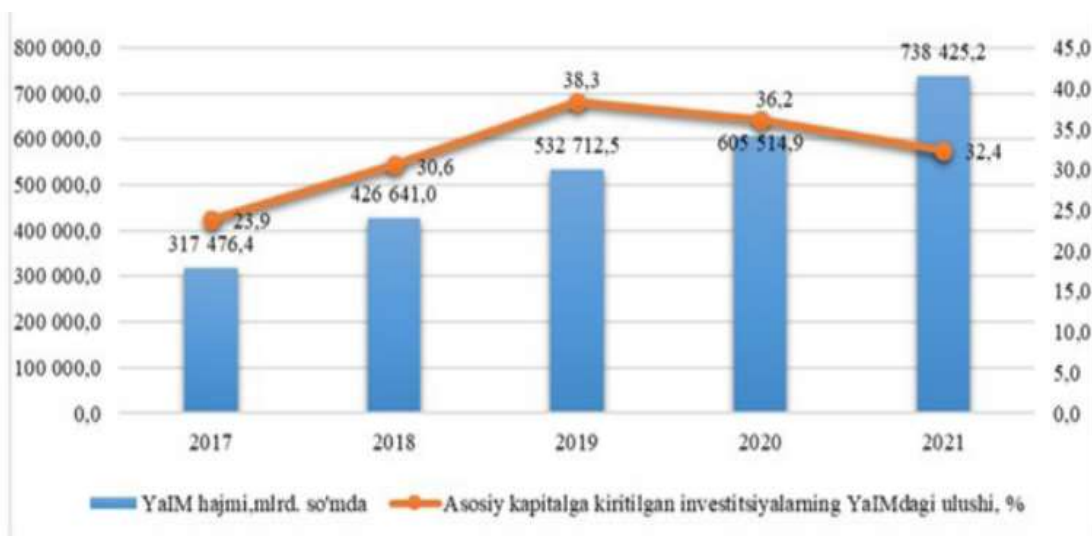
fourthly, it renews and technically re-equips the outdated production capacities, material and technical base of enterprises;

fifthly, they will help to establish natural resource processing enterprises, tax revenue will increase in the state budget.

Currently, the following factors determine the rapid growth of the flow of foreign investments into the economy of Uzbekistan:

- 1) stability of the investment environment in the country;
- 2) positive changes in exchange rate regulation;
- 3) clear directions for improving the country's tax system have been established;
- 4) development of decisions and laws regulating the activity of foreign investments in the tax legislation;
- 5) the creation of a favorable price environment for exporters in the world commodity markets.

In order to further clarify the importance of attracting investments to the national economy, it is appropriate to consider the share of investments in the economic development of the country.



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Figure 2 shows the share of investments in the economy of Uzbekistan in the country's GDP. According to him, the volume of GDP in 2017 was 317,476.4 billion. If it was US dollars, the share of investments in fixed capital in the GDP was 23.9 percent. In 2018, GDP in the republic amounted to 426,641.0 billion. amounted to US dollars. The share of investments in the volume of GDP this year was 30.6 percent. This indicator is 6.7 percent more than the previous year. Also, the volume of GDP in 2019 is 532,712.5 billion. In terms of US dollars, the share of investments in fixed capital was 38.3 percent. In 2020, the volume of GDP increased by more than 71 percent compared to 2019, but the share of investments in GDP decreased by 2.1 percent compared to the previous year and amounted to 36.2 percent. Of course, we believe that one of the main reasons for the decrease in the share of fixed capital investments in GDP is the negative impact of the coronavirus pandemic on economic activity. However, even in 2021, the share of investments in fixed capital in the GDP of our country was 32.4%, this figure is 5.9% less than in 2019 and 3.8% less than in 2020. This downward trend can be attributed to several factors. First of all, the reason for the decrease in the flow of foreign investments is that the consequences of the pandemic have not been completely eliminated even on a global scale, and secondly, it is appropriate to explain it with the tightening of Russian-Ukrainian relations in the context of major geopolitical conflicts. In this regard, analysts say, "The European Union and some other countries imposed economic sanctions on Russia due to the Russian Federation's special operation in Ukraine. In turn, Russia took countermeasures. As a result, major changes took

place in the world market. On March 14, Russia stopped exporting grain products and vegetable oil to the countries of the Eurasian Union, and on March 31, it sold natural gas to European countries in rubles, etc., and so on, which had a negative impact on the world economy. In particular, the situation between the Russian Federation and the countries of Ukraine is manifested in the consequences of slowing down the growth of the world economy and increasing the level of inflation.

Given that the investment environment affects all spheres of activity in the country, the scope of reforms is economic, institutional, education, health, agriculture, water supply, energy, transport and others. covers directions. The number of new enterprises with the participation of foreign investments and the fact that new ones are being established is the result of the great attention of our state to this field and the facilities it creates for them. Therefore, one of the most important issues is economic stimulation of enterprises attracting foreign investments to our country and creation of necessary conditions for them.

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