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THE INVESTMENT ENVIRONMENT FOR THE DEVELOPMENT OF THE COUNTRY FACTORS INFLUENCED ON IT ARE ANALYZED

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Abstract. This article analyzes the impact of the investment environment on the country's economy and development and related factors. Also, the factors affecting the investment environment are analyzed, their interrelationships are shown, and directions for effective use of investments are suggested. In addition, the measures implemented to improve the investment environment in Uzbekistan and the investments made were analyzed in detail, and proposals were developed to improve the investment environment and increase their efficiency.

Keywords: Innovation, investment, investor, investment environment, industry, banking, credit, risk, cost, profit, technology.

INTRODUCTION.

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 the expansion of lending practices, 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.

Because local banks can provide capital investment to entrepreneurs only in the form of money. Investors from developed countries can also bring next-generation technologies and innovative business practices available in their countries. This creates great opportunities for the economic development of young and inexperienced countries.

All this demands the relevance of the chosen research topic and consistent scientific research in this direction.

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. In this context, the lack of financial resources can be attributed to one of three possibilities: lack of supply, lack of demand, or both. [3]. Also, analyzing the investment environment in relation to the macroeconomic environment includes:

first, to evaluate 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 institutions providing credit for the small scale sector, and the importance of advertising policies to provide small enterprises with management, technical and marketing information.

As for internal factors, they include:

first, investment selection;

secondly, employment; solid performance and performance;

thirdly, factors such as ownership and incentive structures for capital structure and management are taken into account [4].

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

For example, a significant difference can be observed between Asian industrial enterprises and American industrial enterprises. Asian industrial enterprises are adapted to the growth of production and financial operations, accumulation and creation of funds with a lower level of financial influence, while American enterprises show excessive dependence on financial activities. [5].

Close ties between universal banks and industrial companies in the financing of industrial enterprises are considered a characteristic feature of the German economy and played an important role in the industrialization of Germany [6]. The advantage of universal banks is that they offer all types of financial services [7], that is, universal banks are more diversified. They have a wider mix of activities, clients and rate and fee-based revenue streams. Therefore, they are able to effectively manage their risks by spreading them across different activities. European banking According to the Federation, the lowest ratio of global banks' financial crisis losses to total assets was observed in universal banks (1.2%), followed by investment banks (2.2%) and commercial banks (3.1%).

Investment in enterprises is an important driver of capital flows across regions. Stimulation of interregional capital flows by industrial policy is primarily manifested in the impact of industrial policy on enterprise investment. Regions supported by industrial policy provide enterprises with more incentives in terms of subsidies and taxation, which undoubtedly increases the attraction of local investments. Therefore, cross-regional investment activities by enterprises are widespread in China [8].

In Japan, in cases where the company's share in the total capital is low compared to the bank's, the invested bank directly participates in the management of the company and has the main advantage. That is, in the reorganization of the bank enterprise, the creditor also appears as the capital owner of the enterprise. This is believed to help

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prevent inefficient use of company funds in Japan [9].

play an important role as money suppliers . Banks also organize the sale of shares and debt. 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].

In order to improve the investment environment in the country, first of all, it is desirable to widely develop the investment risk insurance or protection system, and to strengthen private property with legislation [11].

The investment environment is the economic, political, regulatory, social and other conditions that affect the investment processes in the country, mineral reserves, labor skills and average wages, economic conditions, domestic market capacity, export of goods to the foreign market. It is determined by such factors as sales opportunities, the state of the credit system, the level of taxation, the development of production and social infrastructure, the development of production and social infrastructure, the state policy towards foreign capital, the creation of preferential conditions for it.

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

any country - the state's political attitude to investments, the level of state intervention in the economy, the effectiveness of public administration, the political stability of the state, the general state of the economy (growth or crisis), the inflation rate, the stability of the exchange rate, tax and customs benefits, goods and supply and demand for services, the credit price, the attitude of society members to the formation of foreign capital and private ownership, the level of ideological knowledge of the society, the value of labor resources and their use, and the organizational and entrepreneurial abilities of the workforce are determined based on the study and analysis of such factors.

The investment environment in the economy is primarily determined by the economic status of the country. The main indicators describing the economic situation in the country (GDP, growth rates of industrial and agricultural production, the level of development of foreign relations, etc.) at the same time have sufficiently stable dynamics and are a significant guarantee for the formation of a favorable investment environment.

Research methodology. Comparative analysis, graphic representation, expert evaluation, dynamic series, analytical comparison, logical analysis and grouping methods are widely used in this research. Also, researches of foreign and local scientists and official statistical data on this topic were used.

Analysis and results. The investment environment is a set of locations that clearly define the opportunities and incentives for firms to invest effectively, create jobs, and expand[12]. This is strongly influenced by factors such as government policies and actions, costs, risks, and competitive barriers.

It is known from the evolution of the analysis of the socio-economic situation of the area (enterprise or industry) where the investment is directed by investors that the number of factors or trends that are studied today has increased by 5-6 times compared to the 1960-1970s. Because, in complex market conditions, it is becoming very difficult to carry out a specific activity with the future in mind. On the other hand, due to the frequent changes of the market and several other factors, even the largest enterprises do not plan and choose a strategy. However, activity planning is known to have many benefits, of course.

Therefore, it is appropriate to pay more attention to the following four elements when creating a strategy for investment projects [13]:

- geographical location;
- market share;
- product-market connection;
- competition and market perfection.

However, in today's environment of uncertainty, there are also the effects of unforeseen factors. For example, the COVID -19 pandemic , which started in the city of Wuhan in the People's Republic of China at the end of 2019 and spread to almost the whole world, is a clear example of this. At first, it led many countries to economic stagnation until the first half of 2020, and to economic crisis in the second half.

This pandemic has also had a negative impact on the investment environment and investment activities of regions, states, and enterprises. According to the analyzes of the Organization for Economic Cooperation and Development (OECD), the growth rate of foreign investment outflows in 2020 fell to 42% on average around the world. Including USA (-1 %), in Europe (-77 %), Russia (-71 %), Japan (-49 %), Korea (-8%) and China (-20%) saw declines, while Turkey (6%), Australia (125%), France (14%), Finland (15%) and Indonesia (33%) saw increases. [18].

By the next period, as a result of the collapse of the COVID -19 pandemic, global foreign investment increased by 38%, and its volume reached 846 billion. A Q reached Sh. In particular, by the end of 2020, China was the leader in attracting foreign investments (US$ 212 billion), the second place was taken by the USA (US $ 177 billion) and the third place was India (US $ 64 billion dollars) [19].

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 noted, "it is necessary to reduce the state's participation in 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 launched [2].

Noted that in 2020, Uzbekistan was included in the "Index of Regulatory Restrictions for Foreign Direct Investments" of the IH TT for the first time. That is, due to the institutional improvement and large-scale reforms in the investment and economic spheres, as well as the effective cooperation of relevant ministries and agencies within the framework of improving the business and investment environment, Uzbekistan took 43rd place among 83 countries, and its neighbor Qozho g'i ston (56th place). It surpassed the countries of Tajikistan (58th place) and Kyrgyzstan (62nd place). It is noteworthy that in Uzbekistan Poland (44th place), Switzerland (49th place), USA (52nd place), South Korea (61st place), Canada (66th place) and Russia (77th place) restrictions on the activities of foreign investors have been significantly reduced in relation to countries such as

Also, the main directions of the systematic work being carried out in the republic to eliminate the obstacles that hinder the investment and innovation activity of business are the formation of a competitive model of the economy due to the gradual privatization of the banking sector, the development of public-private partnership tools to attract investments in infrastructure, the interaction between the state and investors digitalization of communication process, promotion of legalization of capital and implementation of an effective investment policy aimed at using the most promising sectors that can become a point of economic growth and sharp technological development is set as the main goal.

According to the analysis, the growth rate of fixed capital investments in the economy of the republic during 2010-2020 was 111.9 percent on average, and its share in gross domestic product (GDP) was 25.0 percent on average. In particular, the growth rate in 2010 was 104.2 percent and its share in GDP was 22.2 percent, in 2012 the growth rate was 110.6 percent and its share in GDP was 20.3 percent, in 2014 the growth rate was 109.8 percent and its share in GDP was 21.3 percent, In 2016, the growth rate was 104.1 percent and its share in GDP was 21.1 percent, in 2018 the growth rate was 129.9 percent and its share in GDP was 30.6 percent, in 2019 the growth rate was 138.1 percent and its share in GDP was 38.3 percent. However, in 2020, as a result of the impact of the global pandemic, a total of 202.0 trillion. soums of investments were absorbed, the growth rate of this indicator was 91.8 percent compared to 2019 or decreased by 8.2 percent, and its share in GDP was 34.8 percent.

According to the results of the analysis of the composition of investments made by financial sources, the share of foreign investments and loans has been increasing in recent years. In particular, in 2010, the volume of investments made at the expense of the own funds of enterprises and residents made up 52.5 percent of total investments, and by 2020, this indicator was 34.6 percent. The share of foreign investments and loans in total investments was 26.4 percent in 2010 and 42.9 percent in 2020. It can be seen that compared to 2010, the volume of foreign investments and loans is 82.3 trillion. increased to soums or nearly 20 times. The main reason for this can be said that in recent years, foreign investors and investment activities have been supported and properly encouraged by the government in our country.

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 14.1% in 2020. This figure is 27.0 trillion in 2020 compared to 2010. to soums or increased by 19.2 times.

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].

However, observations and analyzes show that in most developing countries, such free funds of the population, enterprises and organizations are relatively small. Also, their investment environment is not able to attract foreign investments and loans in large quantities, and on the other hand, attracting too much foreign investments and loans causes partial economic dependence.

So, in such conditions, it is possible for the state and enterprises to finance the country's economy based on their capabilities through the bank.

Therefore, it is an important aspect of bank lending that each bank formulates its investment credit policy, taking into account political, economic, organizational and other aspects [15]. However, a prerequisite for the development of long-term lending practices of commercial banks in developing countries is risk diversification [16].

From this point of view, a number of reforms are being carried out in our country to reform the credit market sector and increase its role in the development of the economy. In particular, since this year special attention is being paid to the privatization of banks.

Decree of the President of the Republic of Uzbekistan dated May 12, 2020 No. PF-5992 "On the strategy of reforming the banking system of the Republic of Uzbekistan for 2020-2025" [1] serves as a regulatory framework for bringing the industry to a new level.

The international rating agency "Fitch Ratings" assessed the long-term credit rating of Uzbekistan in foreign and national currency as "Stable" with a forecast of "BB-".

Also, according to the agency's analysis and forecasts, in 2020, despite the global pandemic, the economy of Uzbekistan grew by 1.6%, and it is predicted that such growth will increase to 5% in 2021 and 5.5% in 2022. Because the country's financial policy continues to support investments and consumption, and the economy of its main trading partners is also recovering. [20].

In addition, according to this rating, the economic freedom of our country is equal to 53.3 points, and according to the 2019 indicator, it is in 140th place. Business freedom, labor freedom and investment freedom increased, and the country's economic freedom increased by 1.8 points. In this regard, Uzbekistan ranks 36th among 43 countries in the Asia-Pacific region, but its overall rating is below the regional and global average. [17].

Based on the research, the directions for improving the investment environment in the country can include: investment policy, privacy of private property, communication and transport infrastructure, external and internal market capacity, competitive environment, raw material and labor costs, intellectual potential and income of the population.

It should be noted that in most developing countries there are more cases of inefficient use of investments than in the experience of developed countries. For example, they spend the bulk of their investments on non-production, i.e. passive areas such as viewing social objects or administrative buildings of large production enterprises.

However, an investment is not just money to be spent, but a working capital that is intended to make a profit and must be paid back (reimbursed) at some point.

Therefore, according to the results of the research, conducting a transparent investment policy in the effective use of investments, creating a competitive environment, protecting the rights of investors, improving external and internal markets, communication and transport infrastructure, in-depth analysis of the ratio between risk-investment-profit, investments that create added value it is desirable to take into account such things as targeting and efficient use of leading sectors.

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 directions.

1. 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.

2. 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.

3. 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.

4. In order 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.

5. In the future, 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.

to pay great attention to the practical support of value-added industrial enterprises and the initiators of investment projects, to deepen reforms on the development of exports and investments , to provide economic and financial freedom, to strictly ensure the inviolability of private property rights, to protect the rights of investors, creation of institutionally favorable conditions, close cooperation with investors and exporting enterprises, analysis of problems related to restrictions caused by the pandemic, as well as development and implementation of quick and effective solutions based on an individual approach to solving the problems of each business entity serves 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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