

# WAYS TO EFFECTIVELY USE DOMESTIC INVESTMENT POTENTIAL IN THE NATIONAL ECONOMY

Namozov Olim Botirovich  
Tashkent State University of Economics, PhD

## Abstract

This article highlights the scientific foundations for the effective use of domestic investment potential in the national economy, provides a methodology for assessing the use of domestic investment, analyzes the efficiency of capital and gives recommendations for the effective use of domestic investment.

**Keywords:** Investments, domestic investments, accelerator model, marginal propensity to capital, capital efficiency, efficient use of domestic investment.

## Introduction

Scientific research continues around the world aimed at creating favorable conditions for investors, making widespread use of the country's investment potential, pursuing an active investment policy in the country and improving the infrastructure of the regions. Scientific research is being conducted to provide various financial benefits to investors, develop stock markets, create new free economic zones, place investments in promising sectors of the economy, increase the investment attractiveness of regions, sell shares through public offering (IPO), expand the phased placement of shares through SPO, growth attracting investment through the creation of technology parks.

In Uzbekistan, priority is given to the development and localization of new types of products through the implementation of investment projects, taking effective measures to eliminate imbalances in attracting investments to the regions, improving rental relations on the basis of investment agreements or public-private partnerships. The Action Strategy adopted for the medium term sets the objectives of "improving the investment climate, actively attracting foreign, primarily foreign direct investment in sectors of the economy and regions of the country; reducing differences in the level of socio-economic development of regions; accelerated development of cities and towns by attracting private foreign investment"<sup>2</sup>. To ensure the fulfillment of this task, one of the pressing issues is the research and development of the widespread introduction of modern market principles for the use of investments in sectors of the national economy and increasing their financial efficiency.

## Analysis of literature on the topic

In various economic literature, the concept of "investment activity" has been defined in different ways. Having studied them deeply and widely, it is necessary to pay special attention

to the following definitions given to the content of investment activity. According to economist Neshitoy, he defined that "Investment activity is a combination of placing funds (investing) and performing practical actions in order to obtain income and achieve beneficial results" [2]. L.L. Igonina also mentions that investment activity can be understood in a narrow sense. According to him, he explains: "investment activity, or in other words, private investment activity (investing) manifests itself as a process of transformation of investment resources into investments" [3].

Chinese scientist F. Xiaolan analyzes the impact of the increase in the country's innovation potential on productivity. According to the results of his research, inward investment has a significant positive effect on the overall innovation capacity. But this effect will depend on the absorptive capacity of the receiving national economy and the availability of innovation-providing factors [4].

One of the economists of our country, D. G'. Gozibekov defined that "the content of investments consists of obtaining funds from clear and reliable sources, mobilizing them in a reasonable manner, maintaining the capital value, taking into account the level of risks, and obtaining the intended effect" [5].

O'.A. According to Haydarov, "investment activity is the development and foundation of new advanced innovative ideas that meet the requirements of the present time, their material, technical and financial support. As a result, by financing the activities of the established industry, it creates opportunities for investors to achieve high profits" [6].

Some aspects of improving the scientific-theoretical and methodological foundations of the development of investment activity in our republic have been covered in the scientific works of the above-mentioned economists. All this is to carry out in-depth studies on the research of development paths based on the factors affecting the sources and methods of financing investment projects of the national economy and to improve the scientific-theoretical and methodological foundations of their financial provision, to develop and improve the formation of sources and methods of financing investment activities by applying them to the practice of our country. requires the necessity.

### **Research Methodology**

In this article, the scientific works of the economists of Uzbekistan and foreign countries devoted to the theoretical aspects of the sources and methods of financing investments and investment activities are studied. Comparative analysis of literature and methods of hypothesis substantiation were used as research methodology.

### **Analysis and Results**

Achieving high rates of economic growth in the country, increasing the competitiveness of the national economy, consistent continuation of institutional and structural reforms to further reduce state participation in the economy is related to the issues of using investments in the national economy and increasing their efficiency. In addition, radical modernization and diversification of agriculture and rapid development, further strengthening of private property

and its priority position, stimulation of the development of small business and private entrepreneurship also depend to a large extent on investment processes. It is also necessary to ensure investment activity for comprehensive and proportionate socio-economic development of regions, districts and cities.

If we pay attention to the analysis of the indicators of investments involved in the national economy in the period of renewal of Uzbekistan, it can be observed that the investments involved in the branches and sectors of the country's economy have a tendency to increase in a series of years.

**Table 1 Sources of financing of fixed capital investments in the economy of Uzbekistan, in percentage of GDP**

Sources of investment	1996–2000	2001–2005	2006–2010	2011–2015	2016–2020	2021	2022
A. External	5,8	5,2	6,2	4,8	9,2	13,7	12,8
investments	0,8	1,2	3,7	2,3	3,9	4,1	4,5
Direct investments	5,0	4,0	2,6	2,5	2,4	7,2	6,7
Foreign loans	4,6	3,3	1,0	1,0	3,16	2,5	1,7
Government guaranteed loans	20,2	16,5	16,7	18,9	19,7	18,3	16,8
V. Domestic investments	7,0	3,9	1,9	1,3	1,8	3,0	2,4
Budget funds	1,5	0,3	-	-	-	-	-
Centralized bank loans	0,3	0,3	1,1	1,3	1,2	0,0	0,0
Funds from extra-budgetary funds	-	-	0,4	0,9	1,3	0,4	0,3
Recovery and Development Fund	7,9	8,7	9,3	8,0	8,1	9,3	9,1
Funds of enterprises	0,4	0,8	1,4	2,6	3,6	2,6	2,0
Commercial bank loans and other debt funds	3,0	2,5	2,6	4,7	3,7	3,1	3,1
Funds of the population	26,0	21,7	22,9	23,7	28,7	32,4	30,0

It should be noted that since 2017, investment activity in our republic has increased sharply, and the scope of investment financing is also expanding. At the moment, significant changes in the quality of investment financing are being observed. This is due to the fact that the gross investment is now financed more by private sector funds, including foreign investors. If we pay attention, during 1996-2000, budget and budget-related sources (Central bank loans, non-budgetary funds and loans attracted at the expense of government guarantee) accounted for 50% of gross investments. its share gradually decreased, in 2001-2005 - 36.1%, in 2006-2010 - 17.5%, in 2011-2016 - 4.6%. Starting from 2019, the share of the state budget in investment financing has slightly recovered and increased to 8.6% on average in 2019-2022.

In turn, the share of the non-state sector, including enterprises' own funds, population and foreign investors' funds, in the financing of investments in fixed capital increased sharply. In

particular, the share of foreign direct investment in the financing of gross investment increased from an average of 3.1 percent in 1996-2000, an average of 5.6 percent in 2001-2005, and 13.5 percent in 2011-2015. percent, the share of foreign investments and loans increased to 20.7% in 2016 and 42.3% in 2022. This trend indicates that in recent years, the importance of foreign investments in financing fixed capital investments and ensuring economic growth in the economy of our country is increasing.

Analyses show that over the past 20 years, several "jumps" have been observed in attracting foreign investments to the economy of our republic. In 2000-2001, 2006-2010, and finally after 2018, it can be seen that the share of external investments, including foreign direct investments, in the financing of total investments has increased sharply. In particular, the share of foreign direct investments in the financing of gross investments increased to 43.9% in 2019, an absolute "record" result. According to the strategic document defining the priority directions of the country's development until 2030, 250 mln. assimilation of investments in the amount of USD, including 110 mln. it is planned to attract dollar foreign investments.

Investments are important in the development of the country's economy. Therefore, supporting the active attraction of investments in the real sector of the economy is one of the main tasks in the economic strategy of every country. It is no secret that as a result of an active investment policy, it is possible to modernize the economy, build new production facilities, upgrade existing enterprises, implement advanced technologies, create new jobs and, on this basis, ensure stable and uniform development of the country's economy. According to the experience of developed foreign countries, the attraction of foreign investment was one of the decisive factors in the high level of development of this country.

### Conclusions and Suggestions

The current state of investments in the country's economy was studied and analyzed. The results of the analysis showed that there is an imbalance in the distribution of investments both between regions and between sectors. This is because foreign investors prefer developed infrastructure and regions rich in natural resources. In order to eliminate this situation, it is necessary to use special elements of financial mechanisms based on the characteristics of each region.

Relying on international experience in increasing the financial efficiency of investments in the economy, it is appropriate to pay special attention to the following areas: it is necessary to sell packages of state shares (shares) in the authorized capital of large enterprises; foreign fifty investors should be given guarantees and support measures, in particular, benefits and preferences; based on the actual formed part of the authorized capital, it is necessary to sell 10 percent additional share by way of shares (IPO).

In order to improve the attraction of foreign investments in economic sectors, in particular, to rapidly develop the industrial sector of the technological park and increase its investment attractiveness, to introduce modern market mechanisms based on advanced international experience, as well as to organize the production of competitive modern industrial products in domestic and foreign markets; wide attraction of foreign and local investments to organize the

production of high-value, imported and import-substituting products; in accordance with international standards, it is necessary to establish energy-efficient, environmentally friendly and environmentally safe production facilities.

### References

1. Address of the President of the Republic of Uzbekistan Shavkat Mirziyoyev to the Oliy Majlis, the word of the people December 29, 2020.
2. Neshitoy S.A. Investments. Textbook. –M.: Dashkov and K, 2007. – P. 15.
3. Igonina L.L. Investments. Educational pos. – M.: Economist, 2005. – P. 25.
4. Xiaolan Fu, 'Foreign Direct Investment, Absorptive Capacity and Regional Innovation Capabilities: Evidence from China', Abstract, Department of International Development University of Oxford October 2007.
5. Gozibekov D.G'. Investment financing problems - T.:2002. i.f.d. diss. autoref. 11-14 b.
6. Haydarov O'. A. "Improving the mechanism of financing investment activities within the framework of the national economy" - T.:2020. i.f.f.d. (PhD) diss. autoref. 14 p.

