

# Analysis of the Impact of Investment Attractiveness on The Socio-Economic Development of the Bustan District of the Andijan Region

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## Abstract

The article discusses the role and importance of the attractiveness of the investment environment in the socio-economic development of the regions of our republic, the existing problems, analytical data, conclusions, suggestions and recommendations in this regard.

**Key concepts:** investment attractiveness, investments, infrastructure facilities, franchise, business incubator, innovation potential, investment activity.

## INTRODUCTION

As the role and importance of investments in the development of the economy of the countries of the world is getting stronger and stronger, directing investments to the regions of the countries is becoming one of the main directions of the investment policy of the countries. In this process, the main attention is paid to ensuring the economic security of the regions, effective use of investments in the socio-economic development of the regions.

In particular, the development of regional industrial sectors, regional investment policy based on regional specialization, as a result, the production of export products that replace imports, the development of the local product processing industry, the creation of new jobs and the provision of employment for the population will be achieved.

For this reason, the current state of socio-economic development of regions and districts should be deeply analyzed in the socio-economic development of regions (provinces, districts) of the Republic of Uzbekistan. This, in turn, causes the need to take into account the strengths and weaknesses of the socio-economic development of the regions, the opportunities of the region and the factors that threaten it.

The more business projects are implemented in the regions, the more active participation of the population and enterprises in these projects (contributed labor and other resources), the faster the region will develop socio-economically. The investment attractiveness of the region and the conditions for doing business are directly related to the competitive position in relation to other regions.

Therefore, the successful implementation of large-scale (large, medium and small) investment projects in the regions will depend on the investment attractiveness indicators of the regions.



### Literature Review

Investor from funds focused on areas: profit and high profitability; long-term economic efficiency from the project; competitive advantage in its market and among its companies; natural resources of the area; cheap and necessary labor resources; ready infrastructure and convenient logistics in the area; proximity of product sales markets; tax exemptions and rules of operation in the territory; I am interested in the availability of ready-made production areas with infrastructure.

In the study of investment factors of regional development, R.James (James R.), J.Haines (Hines Jr), P. It can be found in the researches of foreign scientists such as Jongsang (Jongsang Park).

From CIS Tumusov F.S., Butov V.I., Ignatov V.G., Kerova N.P., Granberg A.G. , in their scientific research, mainly spoke about the theoretical foundations of the organization of efficient, advanced production by attracting investments to the regions.

D. Gozibekov, one of the local economists-scientists, believes that "attractiveness of the investment environment is a set of foundations for the existence of guaranteed conditions and opportunities created for investors." Sh. Mustafaqulov stated that "integral investment attractiveness of the country is the general level of objective socio-economic, natural-geographical and ecological indicators that describe the economic development conditions of the country and have a positive or negative effect on the formation of investment activity in it."

### Research Methods

Methods such as abstract-logical thinking, generalization, etc. are used to cover this topic.

### Analysis and Discussion of Results

Sustainable development of its territorial units - districts is important for the economic growth of our country. This allows to ensure additional growth in the country's economy, use of competitive advantages, reduce poverty and thereby increase the standard and quality of life of the population.

In recent years, issues of comprehensive development of regions have been under the special attention of the head of our state. Clause 12 of the Development Strategy of New Uzbekistan for 2022 - 2026 is called "On the basis of the programs for comprehensive socio-economic development of regions for 2022 - 2026, regional development programs will be developed every year after in-depth study of the problems and opportunities of all districts and cities." is a clear proof of the idea.

Therefore, identifying and implementing growth drivers in the economy of each district (city) of the country, assessing insufficiently used factors in the regions is an urgent task today. In particular, we will analyze in numbers the influence of attractiveness of the investment environment on the socio-economic development of Andijan region, Boston district, which was selected as a research object.

Andijan region borders Boston district to the north, Ulughnor district of the region to the north-west, Baliqchi district to the north, Shakhrikhan district to the east, Yozyovon district of Fergana region to the southwest, Okhunboboev district to the south, and Guva district to the



southeast. Bo'ston district is located on the side of the connecting highway between cities like Andijan-Ko'kan. The development of the district is related to the development of these cities. The population of the district is 76.2 thousand people, and the area is 200.5 square kilometers. From the data of Figure 1 below, it can be seen that the volume of capital investments in the district in 2022 will be 224.5 billion. amounting to soums, we can see that it has increased by 105.6% compared to the corresponding period of 2021. However, its share in the region is low, taking 16th place.

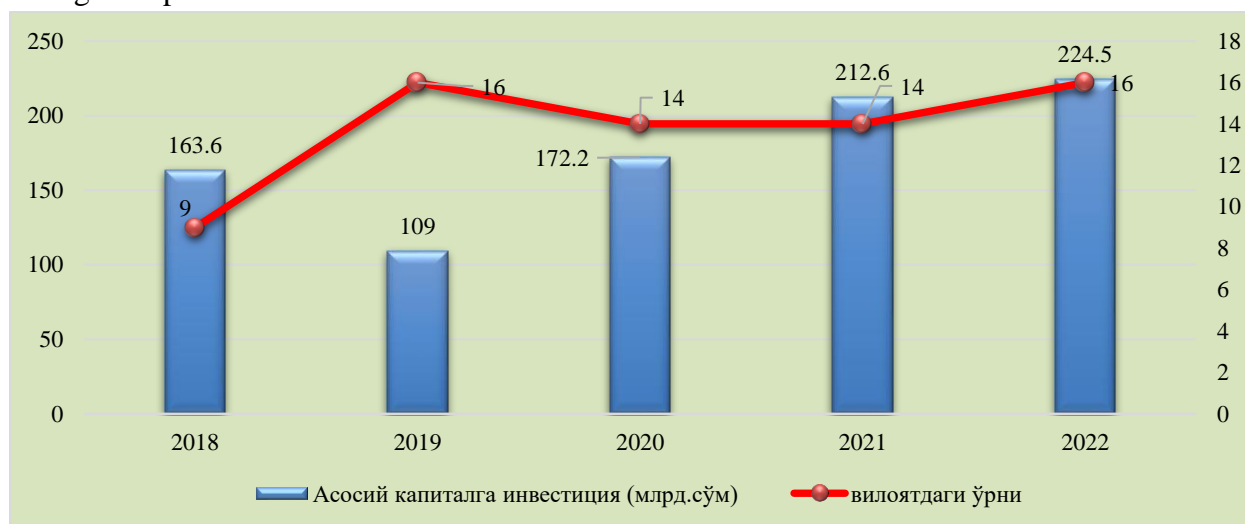


Figure 1. The volume of capital investment in Boston district and its place in the region

When assessing the investment attractiveness of the regions, the indicators of the volume of foreign investments attracted to the regions and its share in the total investments in the fixed capital are important.

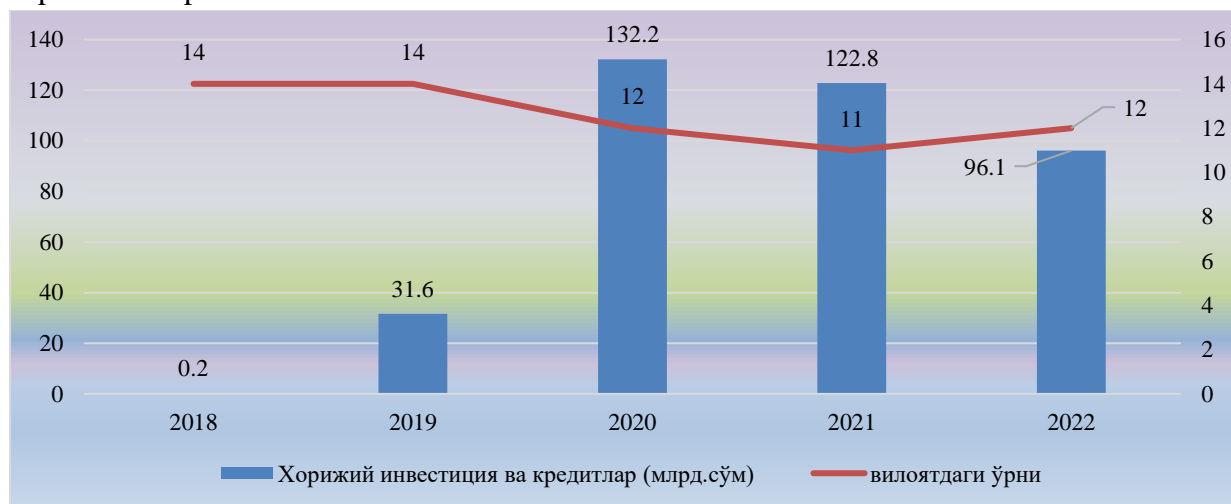
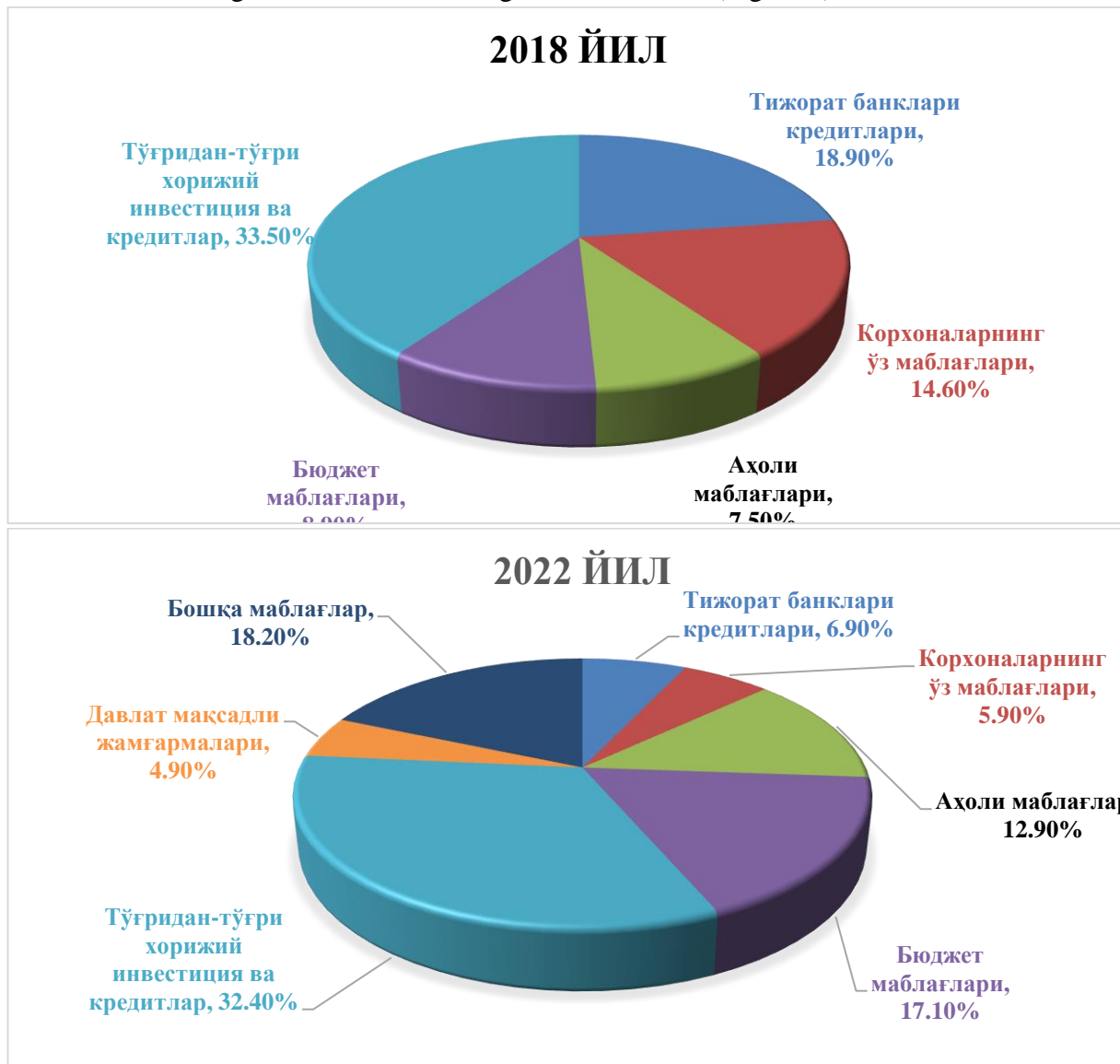


Figure 2. The volume of foreign investment and loans in Boston district and its place in the region



In 2018-2022, the volume of foreign investments and loans in the district decreased by 28% and amounted to 96.1 billion soums. Its share in the region is 12th place.

According to the state and changes in the composition of investments in fixed capital by the section of financing sources, the following was determined (Figure 3):



**Figure 3. Status and changes in the composition of capital investments in Boston district, %**

The structure of investments in fixed capital in terms of sources of financing shows that in 2022, compared to 2018, the share of commercial bank loans in district fixed capital investments decreased by 12.0 percentage points, and the share of enterprises' own funds decreased by 8.5 percentage points.

As part of investments in fixed capital by district financing sources, in 2022, compared to 2018, the share of budget funds increased by 8.2 percentage points, and population funds increased by 5.4 percentage points.

In the structure of investments in fixed capital according to the district's financing sources, in 2018 foreign direct investment and loans (33.5%) and loans from commercial banks (18.9%)

were considered the main sources of financing, and in 2022, as the main sources of direct financing foreign investment and loans (32.4%) and budget funds (17.1%).

In 2022, indicators of foreign direct investment absorption by economic sectors in the district are as follows: 8 bln. manufacturing industry, 1.2 billion soums. soums to the construction sector and 0.8 bln. soum is directed to the service sector.

Table 1 SWOT analysis of investment attractiveness of Boston district of Andijan region

(S-Strength)	(W-Weakness)
<ul style="list-style-type: none"> <li>- Convenience of natural and climatic conditions, relatively high share of productive land;</li> <li>- High percentage of working age population, especially young people under 30 years old;</li> <li>-High degree of specialization in agro-industry in the industrial sector;</li> <li>- Favorable geographic location of the region for business development;</li> <li>- Favorable climate and recreation conditions for the development of tourism-excursion services in the future;</li> <li>- Central highway passing through the district, availability of favorable geographical conditions for transit of other countries and transportation of local products;</li> <li>- Provision of additional tax benefits to district entrepreneurs.</li> </ul>	<ul style="list-style-type: none"> <li>- Non-availability of natural and mineral resources;</li> <li>- Absence of free economic zones;</li> <li>- Low level of commissioning of industrial capacities;</li> <li>- Low level of storage and processing of agricultural products;</li> <li>- Inadequate development of the business environment for activation of investment activity, slow participation of financial institutions in the implementation of investment projects;</li> <li>- Inefficient use of state facilities and land by some business entities;</li> <li>- insufficient use of renewable energy sources;</li> <li>- Existence of problems in allocating credit funds for entrepreneurs by banking institutions;</li> </ul>
(O-Opportunity)	(T-Threat)
<ul style="list-style-type: none"> <li>- Receiving funds from the Republic budget for the development of infrastructure services (electricity, gas, water, waste water, road, transport);</li> <li>- Organization of cooperative relations in the development of agroclusters and handicrafts;</li> <li>- Use of franchise in the development of agricultural products storage and processing industry;</li> </ul>	<ul style="list-style-type: none"> <li>-Intensification of social problems related to insufficient provision of jobs, social services and infrastructure in rural and densely populated areas;</li> <li>- The low investment attractiveness of the district can negatively affect the development of the real sector of the economy and lead to macroeconomic imbalance;</li> <li>- High risk of non-return of received loan funds;</li> <li>- The possibility of bankruptcy of business entities;</li> </ul>



<ul style="list-style-type: none"><li>- Development of model projects with the help of Chamber of Commerce and commercial banks;</li><li>- Establishment of "Tourist service" complexes in the border area of the district, where it meets neighboring districts and regions, close to the main road;</li><li>- Preparing the address of the district governor to investors and distributing it in the media.</li></ul>	<ul style="list-style-type: none"><li>- The possibility of a sharp decrease in tax revenues.</li></ul>
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### Conclusion

Increasing investment attractiveness in socio-economic development of regions (as an example of Boston district of Andijan region), in particular, creating a favorable investment environment for attracting foreign investments, and in particular, in the first place, the creation of production infrastructure in the regions. For this, the following conclusions and recommendations were developed:

1. It is necessary to develop long-term measures to increase investment attractiveness in the regions, not at the level of districts, but at the level of the entire region.
2. It is necessary to allocate funds from the republican budget for quality organization and further development of infrastructure services (electricity, gas, water, waste water, road, transport). The main reason for this is that the limited local budget does not allow the implementation of these projects.
3. Correct assessment of the factors that determine the investment potential of the regions: provision of natural resources, the state of labor resources, production potential, consumption potential, innovation potential, financial potential, touristic opportunities. It is necessary to take measures to provide such information to internal and external investors transparently, truthfully and quickly.
4. Use of franchise in the development of industries, especially agro-industry in the regions. It is known from international practice that foreign investors invest faster in existing business activities than in new business projects. Therefore, it is necessary to use the brand of well-known enterprises with many years of experience in this field in the development of the agricultural products storage and processing industry.
5. Establishment of business incubators to provide business consulting services for entrepreneurs in cooperation with the Chamber of Commerce and commercial banks. It will help to improve the financial literacy of entrepreneurs in the regions, and develop model projects.
6. Preparation of district administrations' appeal to investors and distribution in the media. Preparation of district investment passport with the help of animated videos (in Uzbek, Russian and English languages).
7. With the help of regional and district handicraft associations, it is necessary to implement handicraft cooperation projects in cooperation with the district handicraft association. (For



example, 20% contribution of the association, 80% share of members. Raw materials are provided, production can be organized remotely, and exportable goods are produced); The cooperative buys the finished product, after export and sales in the domestic market, the profit is distributed among the members.

8. Development of private education and vocational training centers. Today, in the transition to the digital economy, investment in human capital is required by the times. Therefore, it is necessary to establish private education and vocational training centers (IT technologies, learning foreign languages, craft development) in the regions.

9. It is necessary to develop investment projects for the establishment of "Tourist service" complexes at the border points connecting the regions, near the international road.

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