

## Issues Of Improving Investment Attractiveness in The Development of The Country's Economy: Problem and Solution

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### Abstract

This article examines the essence of investment attractiveness, the opinions of economists on increasing investment attractiveness in attracting foreign direct investments. Also, the factors influencing the investment attractiveness of our country were analyzed, and internationally recognized indicators assessing the country's business environment and the level of investment risks were discussed. Scientific conclusions and recommendations on increasing investment attractiveness in attracting foreign direct investments have been formulated.

**Keywords:** investment, investment climate, investment attractiveness, Beri - (Information about business environment risks) index, indicator, foreign direct investment, recipient, donor, business, segment, progression, investment potential.

### INTRODUCTION

Let's not compare the economy of any developed country, first of all, as a result of the health of the investment environment and its attractiveness, we can witness that the trends related to the country's economy are achieving progressive results through the rapid influx of investment flows.

Today, at the stage of globalization and technological armament in the world, the role of the investment flow in the interpretation of the combination of economic development is of great importance. In order to attract foreign investments through the position of recipient countries, to organize medium and large businesses and to run them effectively, the created investment potential in the country, the established modern infrastructure, and the improvement of the investment environment. the socio-economic policy, in particular, the unhindered entry of foreign companies, the inviolability of private property, the establishment of special economic and small industrial zones in the country to direct one's own capital as a business entity, tax and they focus on the availability of other financial benefits.

The President of the Republic of Uzbekistan, Sh.M. Mirziyoyev, in his Address to the Oliy Majlis dated December 29, 2020, stated that "Economic growth is achieved primarily by creating competitive industrial chains and increasing investments in such projects [1]" - they noted.



Currently, large-scale changes and structural reforms are being carried out in all sectors of the economy of Uzbekistan. The implementation of such reforms directly depends on the investment process in the country, the state's investment policy, its priorities, and the investment activity of enterprises in the country.

## 2. Literature Review

Regarding the concept of "investment attractiveness", definitions were given by many foreign and local scientists, among them, according to the opinion of famous economists M. Glagoleva and S. Belogura, "Investment attractiveness of a country or region and attractiveness of financial investments" The factors that determine the level of education are political, social, economic, and legal conditions of the state that are summarized together [2]". In this opinion, the implementation of investment processes, the general concept of investment attractiveness is explained, it is expressed that there are various factors that determine the investment environment.

According to the well-known economist N. Murashko, the investment environment cannot be imagined without investment attractiveness and investment activity, these concepts are interconnected [3].

In A. Rolik's approach, investment attractiveness is a certain investment object compared to others for the purpose of investing available funds to a potential investor is a set of features that allow to evaluate how attractive it is [4].

According to economist A. Asual, investment attractiveness is the environment in which investment processes take place. It is formed under the influence of political, economic, legal, social and other factors that determine the conditions of investment activities and the level of investment risk in the region [5].

According to Elvira Sojli and Wing Wah Tham, the more favorable the investment environment is, the lower the entrepreneurial risk of the investor is, and this activates the entry of investors. On the contrary, if the investment environment is unfavorable, the level of risk is high. This leads to an increase in expenses of the party receiving the investment. The state of investment attractiveness is important not only for the investor, but also for the recipient of the investment [6].

In Oksana's scientific research, Takhumova divides the investment environment into three main segments. The investment attractiveness of enterprises directly depends on the investment policy and created investment environment in the country. In particular, the investment environment is considered as a system consisting of three elements: investment potential, investment risk and legal conditions [7].

In economically developed countries, the investment environment is a process that depends on the influence of market conditions, the sources and size of investment financing [8].

Access to markets and resources are key factors in attracting foreign direct investment. The concentration of foreign capital only in certain regions and certain sectors limits the development of the economy of other regions, primarily affecting the economy of regions with underdeveloped industry. This, in turn, is the main indicator of regional investment attractiveness [9].



The inflow of foreign investment leads to the development of the stock market, as foreign investment-intensive firms list their shares on the local stock market to attract foreign funds. An increase in the flow of funds and transactions increases the demand for financial intermediation, and as a result, the stock market develops. One of the important drivers of investment attractiveness is the stock market segments [10].

### 3. Research Methodology

In this article, the scientific works and articles of the economists of Uzbekistan and foreign countries devoted to the analysis of sources representing the place and importance of investment attractiveness in the development of the country's economy are studied. Economic research methods such as graphical grouping, economic-statistical analysis and synthesis, logical thinking were widely used as a research methodology.

### 4. Analysis and Discussion of Results

There are three largest extended segments that determine investment attractiveness in Uzbekistan, which include various factors with influence in political, economic and social networks. The stability of these factors not only serves as the basis of relations for investments in the position of a donor, but also increases the potential of the investor to direct his capital to the country's territory and industries.

On the contrary, the worse the level of the investment environment, the higher the risk the investor sets. Special attention was paid to the activation of attracting foreign investments in Uzbekistan, and in order to provide assistance and guarantees to investors, a system of certain benefits, conditions and guarantees was created in the fields of investment, tax system and customs payments. Also, many foreign investors use the BERI (business environment risk index) index to assess the attractiveness of the region for foreign investments. This index is determined by 15 main indicators, ranging from 0 to 4 points. The optimal aspects of the index are that it will be possible to find out how the economic, social and political structure of the regions works. Figure 2 below shows the evaluation criteria based on their importance for making investment decisions.

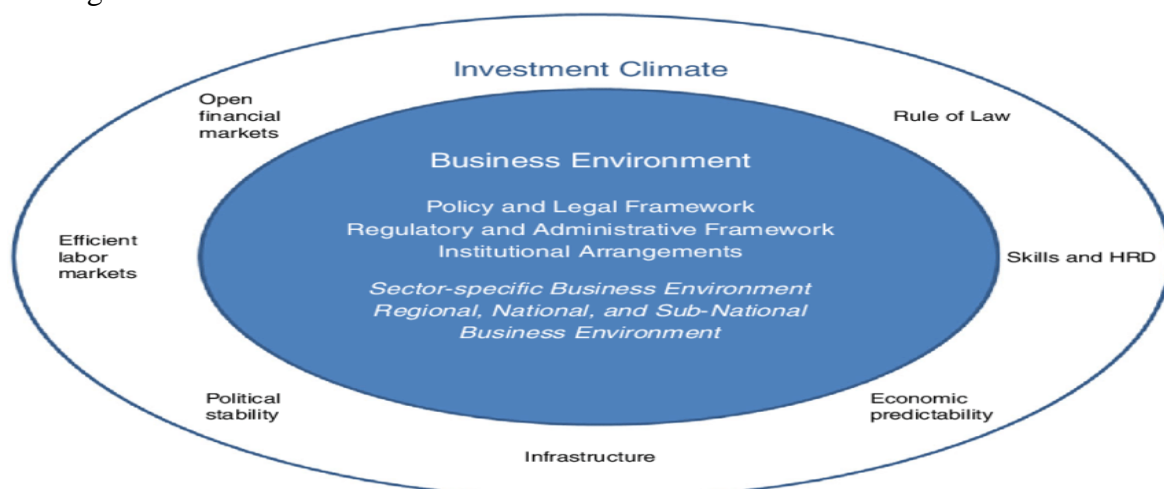


Figure 1. "BERI" assessment of the area's attractiveness for foreign investment index [11]



Above is in the form of an infographic in the picture "BERI" (About the dangers of the business environment information) index is based on 15 evaluation criteria of the country's investment environment of different sizes, and each criterion is rated from 0 (unsuitable) to 4 (very favorable). A high score indicates a stable country. The lower the country's score, the higher the intended return on investment must be, otherwise the investment will not be effective. At this point,

Among the indicators included in the BERI index, political stability (0.12 percent) is the most important. Taking into account that the issue of investment in our country has not lost its relevance in the last 5 years, as a result of the analysis of investments in fixed capital, we see that the rate of growth of investment entering the country from year to year has been noted.

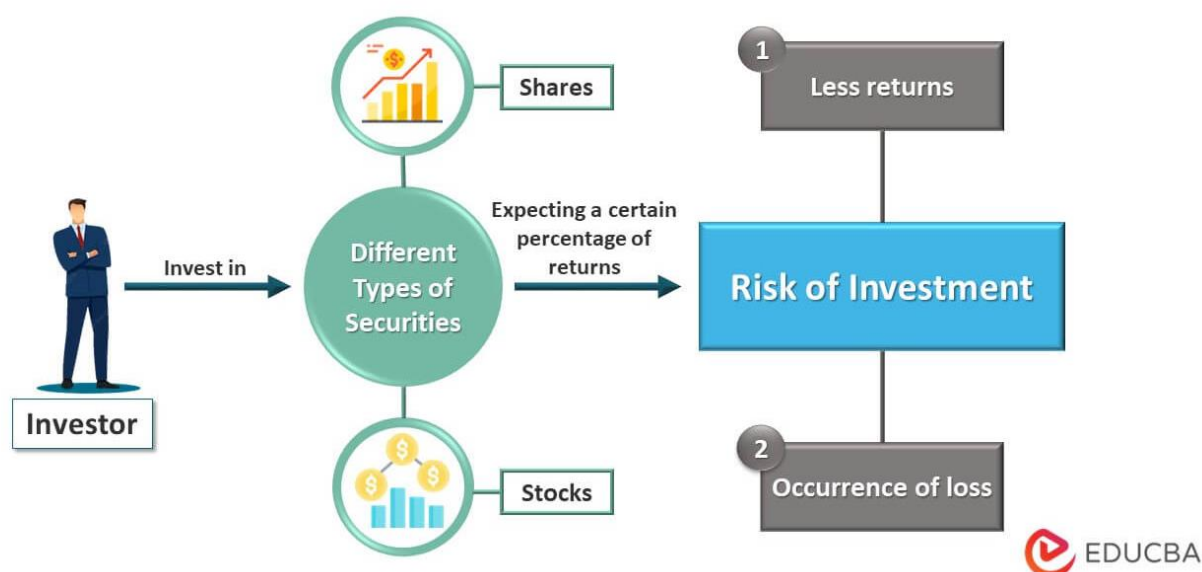


Figure 2. Classification of investment risks [12]

It can be seen from the data of the above table that the growth rate of investments in fixed capital is given in the form of percentage. Compared to 2020-2021, the growth rate in 2022 was recorded as 105.0 percent, which, in turn, indicates that investments in fixed capital in Uzbekistan have a growing trend and a favorable investment environment. will give.

In the case of such an investment, the further increase of growth rates is determined by the creation of a favorable environment for investors, the total economic, legal, political and social conditions that affect the dynamics and structure of investment.

### 5. Conclusions and Suggestions

Conclusions and suggestions. Over the past few years, Uzbekistan has experienced rapid economic changes and is increasingly emerging as a symbol of openness, innovation and determination in the international community to overcome various barriers to business and investment. at The state of the investment environment is an important process not only for the investor, but also for the recipient of the investment.

Based on the above analysis and discussion, we agreed to form the following suggestions and

recommendations:

1. To improve the investment environment in Uzbekistan and its image in the world arena strengthening;
2. Creating a favorable business environment for attracting investments and ensuring openness of information;
3. To strengthen the protection of investors' rights, to improve the development of production and sales relations between local companies and foreign investors, and to improve trade logistics;
4. It would be appropriate to increase the role of state bodies in creating a business environment and a favorable investment environment.

Based on the scientific suggestions and recommendations given above, their deep study, analysis and practical implementation will give results in the near future. Also, by creating a favorable investment environment in the country, it has a positive effect on further increasing the investment attractiveness of the state and improving the business environment.

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