

STIMULATION OF ATTRACTING FOREIGN DIRECT INVESTMENTS

Mukhitdinova Kamola Alisherovna*

*Assistant Professor,

PhD,

Tashkent State Technical University,

Tashkent, UZBEKISTAN

Email id: k_mukhitdinova@gmail.com

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ABSTRACT

The article reveals the stimulation of foreign direct investment, in our opinion, the implementation of measures aimed at improving financial and credit, tax instruments and benefits, as well as the overall optimization of market infrastructure by non-financial methods.

KEYWORDS: *Foreign Direct Investment, Implementation, Stimulation, Attracting, Foreign Direct Investment, Financy, Credit.*

INTRODUCTION

Further deepening of economic reforms implies the development and implementation of a new strategy for attracting foreign investment, based not on the "point" investment of individual industries, industries, but on a comprehensive, program-targeted approach, which consists in the creation and implementation of targeted or integrated investment programs covering the entire set of enterprises different industries in the same area. These can be territorial production complexes, special economic, export or other zones. Moreover, it is not current short-term programs that are most important, but long-term programs designed to solve strategically important tasks of economic liberalization.

Now a favorable situation has been created in the republic for the introduction of basic resource-saving innovations in capital-intensive mining and processing industries, which makes it possible to reduce excessive resource costs, especially in the production of goods whose prices are below world prices. The introduction of such technologies in these industries creates a solid basis for investing in science-intensive industries and high technologies, since "the widespread introduction of resource-saving technologies can reduce investment in capital-intensive industries, and the resulting effect can be used in science-intensive and high-tech industries."

Foreign experience clearly shows that in a market economy, investments become the most important factor not only in reconstruction and renovation, but also in the creation of new industries and enterprises. Therefore, the attraction and use of foreign capital in the economy of Uzbekistan seems to be an essential regularity of the investment process at the present stage. At the same time, attraction of foreign investments should be carried out on the basis of the principles of socio-economic efficiency, environmental and economic security, mutual benefit and maintaining the priority of the state structural and reproductive policy.

Based on these principles, it is necessary to determine the criteria for the correct choice of optimal forms of investment activity. These criteria include: field of activity and type of products (high technology, technically complex, etc.); project scale (small, medium, large); the strategic goal of attracting (from importing equipment to using production and management experience).

A study of the advantages and disadvantages of existing forms of attracting foreign investment shows that direct investment can be considered the most acceptable, since they are characterized by the presence of long-term investor interests in the economy of the host country and cause greater benefits compared to external loans.

Under the stimulation of foreign direct investment (FDI) in the broad sense of the word, one can understand the process of creating the most favorable conditions, guarantees and incentives for their wide attraction to the country's economy. At present, this task has become a key one and requires the development of new approaches and mechanisms for its solution. And for this it is necessary to objectively and self-critically evaluate everything done. In this regard, we should first of all emphasize the fact that a serious legal framework for investment has been created.

This provided such favorable conditions for foreign investors as exempting them from income tax for seven years, if the capital invested by them is involved in the investment program of the republic. Foreign investments are not subject to nationalization and requisition. If laws are adopted in the republic that worsen the conditions for investment, then for another 10 years foreign investments will be subject to the legislation that was in force at the time of the investment. The improvement in general conditions was accompanied by the provision of a number of FDI benefits: tax rates were reduced with an increase in the scale of investments (their shares) in statutory funds; conditions for the payment of taxes on profits with an increase in the volume of sales of export products have been facilitated; the total volume of sales provides for preferential taxation of enterprises investing their capital in technical re-equipment; customs duties were reduced when using property imported from abroad for own needs, etc.

However, along with the positive aspects in the formation of a favorable investment climate in the republic, there are certain difficulties. In particular, one of the reasons for the slowdown in the creation of FDI and the cessation of the activities of those already created, especially small and medium ones, was the imperfect mechanism for attracting foreign investment itself, as well as problems with the conversion of proceeds. The regular rating of the level of market reforms, calculated on 11 indicators, revealed a number of positions in which the republic lags behind. In particular, in the sphere of regulation of foreign trade and the exchange rate, the liberalization of exports and imports is insufficient; despite the almost complete convertibility of the current account of the balance of payments, a plurality (or duality) of the exchange rate is maintained; the conversion mode is not transparent enough. Below the average level is the indicator of the effectiveness of legislation, since some normative acts are not completely clear and there are cases of their contradiction with each other. In the field of the banking system, the urgent need is to improve the financial position of banks and establish banking supervision mechanisms, fully liberalize the interest rate, minimize incentives for access to cheap refinancing, increase the share of lending to private enterprises and the widespread presence of private and foreign banks.

Consequently, the stimulation of foreign direct investment is provided, in our opinion, by the implementation of measures aimed at improving financial and credit, tax levers and incentives, as well as by such non-financial methods as the general optimization of the market infrastructure

that ensures the normal functioning of foreign capital. These include: providing the necessary factors of production, information, various kinds of communications, management services, transport, improving banking services, etc.

Thus, we are talking about the maximum use of the favorable investment climate that has developed in the country. When concluding loan agreements or implementing investment projects, a number of difficulties associated with the occurrence of a default, i.e., problems of paying off external debt, are revealed. The reason for defaults is the absence or imperfection of real mechanisms for the movement of investment projects, serviced at all stages by foreign credit lines.

In order to attract foreign portfolio investments in the privatization process, it would be necessary to develop principles for their currency conversion, as well as to allocate special groups of privatized enterprises for international trading, developing primary and secondary securities markets, which will provide ample opportunities for foreign investors to acquire property rights. The implementation of the entire range of these measures will help attract foreign investment in the economy of the Republic of Uzbekistan.

Almost half of enterprises with foreign capital (48.7%) are small enterprises with authorized capital of up to \$10 thousand, 12% have authorized capital from \$10 to \$59 thousand, 7.2% - from \$50 to \$100 thousand, 16, 4% - from \$100,000 to \$300,000, 5.1% - from \$300,000 to \$500,000. The largest enterprises with foreign investments with an authorized fund of more than \$500,000 make up 10.7% of the total number of joint ventures.

One fifth of the enterprises of the republic with the participation of foreign capital account for foreign enterprises and their subsidiaries (100% of the authorized capital). Enterprises with a share of foreign capital up to 10% account for 26.7%, respectively 15% - from 25 to 50% and 16.3% - from 75 to 99.9%. Thus, there is a relatively even distribution of enterprises, although the tax legislation stimulates a higher share of foreign capital in the authorized capital.

The distribution of FDI by regions has not changed significantly over the past years, as before, the city of Tashkent and the Tashkent region account for more than half of the total FDI production of the republic, and a little more than a quarter - for the Andijan region.

In the Republic of Karakalpakstan, khokimiyats of regions and the city of Tashkent, permanent working groups have been formed to coordinate the creation and activities of enterprises with foreign investment.

Much attention is paid to supporting small and medium-sized businesses. Thus, the share of credit lines for its development accounts for more than 10% of investments and loans.

The consolidated list of priority investment proposals includes 115 projects with an estimated volume of attracted foreign investment and loans of about \$5.9 billion. The energy industry has great investment opportunities - these are projects for the reconstruction and modernization of the Tashkent, Navoi, Novo-Angren GRES, Mubarek and Tashkent thermal power plants.

Active work to attract foreign investment is being carried out in the chemical industry. Here, the expansion and reconstruction of the Samarkand chemical plant, the construction of the Kungrad soda plant, the development and construction of the Tyubegatan potash salt deposit.

Just like the above projects, the projects for the development of irrigation and melioration of agriculture provide for the supply of technological equipment at the expense of foreign loans and investments.

Several projects of Almalyk MMC JSC (to expand and reconstruct the Kalma-kyr mine, a copper processing plant and a non-ferrous metal processing plant, etc.) are planned to be implemented through the sale of shares to foreign investors.

At the same time, in our opinion, it would help to increase the inflow of foreign investment, firstly, by providing investors with the necessary regulatory, statistical, marketing and other operational information, and secondly, by simplifying the procedure for examining investment projects.

Creation of a unified accessible database of investment proposals (including on the Internet) would greatly facilitate the search for a partner for both potential investors and local entrepreneurs.

In addition, the most important area of work is the organization of special training courses "How to work with foreign investors."

In conclusion, we note that the active participation of foreign capital in the structural transformation of the economy, the acceleration of technical re-equipment and the modernization of industrial production creates the necessary conditions for the broad integration of the economy of Uzbekistan into the world economic system.

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