

INCREASING THE INVESTMENT ATTRACTIVENESS OF REGIONS TO ENSURE FINANCIAL STABILITY

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Abstract

Sustained high interest rates in the global economy, conflicts between countries, low rates of international trade, and natural disasters caused by climate change have a significant impact on global economic growth. The global economic growth rate of the world economy is projected to reach 2.4 percent in 2023, which is lower than the 3 percent growth rate recorded before the pandemic in 2024.

At the new stage of reforms in Uzbekistan, special attention is being paid to the issues of “... ensuring the well-being of the population through sustainable economic growth” through a rational investment policy, “to double the size of the economy by 2030 and to enter the ranks of “countries with an income above the average”. However, despite the fact that a number of positive results have been achieved in the last five years as a result of the reforms carried out in the republic, the issue of ensuring stable growth rates remains one of the most urgent problems due to the existence of disparities between regions in terms of the effective use of existing investment potential.

The term “regions of investment attractiveness” is used very quickly in modern economic literature. This concept has been defined by several international rating agencies. In particular, the rating agency “Expert RA” gives the following definition, that is, investment attractiveness is the same as the concept of investment environment and includes investment potential (objective opportunities of the country) and investment risk (conditions of investor activity). This concept has been given a lot of rates by foreign scientists and researchers.

Investments are important in increasing the financing process of economic sectors in the regions of the country, optimizing the structure of technological and reproduction production, and ensuring high efficiency. Based on the specific characteristics of the economy and the state of development, it is time to actively attract investment resources to the priority sectors of production and increase the level of return on investments. As part of investments in fixed capital in the Republic of Uzbekistan in 2016-2022, investments in fixed capital amounted to 512,324.0 billion soums in 2016, and by 2022 it amounted to 266,240.6 billion soums. The share of fixed capital investment in GDP was 20.1% in 2016, and it will increase accordingly to 29.6% by 2022. The highest share of fixed capital investment in GDP was observed in 2019. During the researched period in the Republic of Uzbekistan in 2016-2022, the investments made in fixed capital per capita have also undergone changes in the distribution of investments by regions of the republic.

Table 1 Investments in fixed capital per capita in 2016-2022 (thousand soums)¹

Regions	2016 y.	2017 y.	2018 y.	2019 y.	2020 y.	2021 y.	2022 y.	2022 growth rate compared to 2016 (+/-)
Republic of Uzbekistan	1608.6	2227.8	3769.6	5834.6	6140.3	7015.9	7468.6	5860
Republic of Karakalpakstan	2094.0	1542.2	3641.1	4644.4	3710.0	4069.6	5225.5	3131.5
Andijan	745.3	999.6	1550.3	2406.0	3047.2	3770.4	4361.1	3615.8
Bukhara	3237.6	6254.2	5112.4	5429.3	6295.0	9681.7	10855.5	7617.9
Jizzakh	1125.1	1361.9	2693.9	5778.9	8984.7	9267.9	7107.9	5982.8
Kashkadarya	2389.3	3583.4	5193.4	7534.6	6214.7	4811.9	4647.7	2258.4
Navoi	3168.1	4185.4	10892.1	17855.2	15604.2	15931.5	17189.8	14021.7
Namangan	1074.8	1340.3	2992.5	4344.1	4229.2	4588.1	4984.4	3909.6
Samarkand	1001.6	1189.4	1878.3	2674.9	3746.0	4442.4	4642.5	3640.9
Surkhandarya	879.1	1427.1	2848.3	4552.8	3792.2	4176.4	4169.4	3290.3
Syrdarya	1660.3	2011.1	3280.2	7002.9	8425.4	10011.5	13919.1	12258.8
Tashkent	1507.5	2087.2	3898.4	6970.0	7169.0	9538.7	12056.8	10549.3
Fergana	747.8	822.4	1516.8	2336.2	2916.0	3348.9	3917.2	3169.4
Khorezm	885.8	1215.1	1655.6	2718.4	2868.2	4495.4	4517.9	3632.1
Tashkent city	3848.1	5552.7	10627.8	16710.5	19065.6	20433.9	19539.4	15691.3

The focus is on scientific research in areas such as creating a favorable investment climate and business environment for doing business in the regions, digitizing the tax system and increasing the transparency of tax administration, ensuring economic growth by organizing an effective tax-budget policy, and improving the taxation mechanism. In this regard, the President of our country Sh.M.Mirziyoyev defined important measures aimed at the welfare of the population and the development of entrepreneurship. From June 1, 2022, attention was paid to the issue of simplifying the system of tax administration and inspections for entrepreneurs².

In order to develop entrepreneurship in the districts of our republic with “difficult” conditions, it is advisable to introduce a system of paying the turnover tax to newly established business entities at the rate of 1 percent and the land tax from legal entities, taxes on the property of legal entities at the rate of 1 percent from the calculated amount. The introduction of tax incentives in these “heavy” regions will create more favorable conditions for the development

¹Data of the State Committee of the Republic of Uzbekistan on Statistics.

² https://uza.uz/uz/posts/aholi-farovonligi-va-tadbirkorlik-rivozhiga-qaratilgan-muhim-chora-tadbirlar-belgilandi_364611

of entrepreneurship in the regions, and in the future, the region's GDP will increase by almost 3 percent and more than 2 thousand new jobs will be created..

It can be said that the lack of institutional capacity and potential in the regions appeared as the main factor limiting investments. According to foreign practical experience, negative factors include the low investor protection system of the state, weak law enforcement and limited economic freedom. As a result of the study of factors for assessing the investment attractiveness of countries, we were convinced that the factor of political stability is a factor affecting the statistical aspect, which is more important than the level of inflation.