



Methods of Attracting Foreign Investments to the National Economy

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ABSTRACT

The implementation of innovative processes at the modern level and the dynamic development of the national economy on this basis today are impossible without the intensive attraction of foreign investment. The volume of foreign investment is one of the indicators characterizing the degree of integration of the country into the world community and depends on the attractiveness of the investment object. The following article is devoted to the ways of attracting foreign investment in the national economy.

KEYWORDS: Raising and Developing Production, Political Instability Restrains, The Effectiveness of Investments, Import and Export Operations.

INTRODUCTION

Investments are designed to overcome the economic crisis for the state. Investments are intended for raising and developing production, increasing its capacity, technological level. The main condition for introducing innovative methods of financing in these countries and the inflow of significant volumes of investment has become the interest of key companies themselves in attracting domestic and foreign capital for their innovative development through skillful use of the potential of such advanced financing instruments as syndicated loans and project financing, leasing and franchising, equity and bond financing, venture capital and debt capital. The head and specialists of economic departments, financial institutions interested in attracting foreign investment, and, most importantly, the strategically important enterprise of Uzbekistan itself must learn to work with all the above categories of investors since this will depend on the inflow of foreign capital and the need to finance innovative development programs. The state investment policy is now aimed precisely at providing investors with all the necessary conditions for working on the Uzbek market and therefore in the future the Uzbek economy can count on a change in the situation for the better.

MATERIALS AND METHODS

Uzbekistan is a resource-rich, most populated country, strategically located in the heart of Central Asia. The President of Uzbekistan Shavkat Mirziyoyev by his decree has approved the action strategy on priority areas of the country's development for 2017-2021. The action strategy will be implemented in five stages, and each stage provides for approval of a separate annual state program on the strategy's implementation

in Uzbekistan, according to the decree. There are five key legal and institutional reforms: state governance, rule of law and legal reforms, liberalization of the economy, social sphere, security, religious tolerance, and interethnic harmony, foreign policy. To actively attract foreign capital, there are currently tax and customs incentives, 21 free economic zones a business ombudsman institution has been introduced, the Tashkent International Arbitration Center has been established, and a draft unified law on investments has been developed and investment activity, which aims to combine the norms of 3 laws and about 100 by-laws regarding investments. The main feature of free economic zones for the country's economy are specially designated territories with clearly defined administrative borders and separate legal procedures designed to attract internal and external capital, promising technologies, and management experience for the rapid socio-economic development of the region. Free economic zones, as an important part of the world economy, have demonstrated a positive effect in many countries in attracting foreign investment. Free economic zones are available in different countries in different ways, which is largely a feature privileged conditions introduced in these regions. This favorable environment is one of the most effective ways to attract foreign investment. Free economic zones are one of the main factors of integration and globalization processes; since free economic zones are economic zones that can lead to the internationalization of capital by attracting foreign investors and the integration of multinational companies to a higher level.

In the context of the integration of the economy of Uzbekistan into the global economic system, the im-

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plementation of the export-oriented policy of economic development in our country, the development of export-oriented products, export abroad, and the use of free economic zones, as well as the experience of the foreign policy of developed countries, especially fast-growing economies, in our country the world, including China, Germany, France, Japan, South Korea, Singapore and other countries, in implementation of the "open-door policy" and attracting foreign investors is effective the use of this product will have a positive impact on the development of our national economy.

Accordingly, the issue of increasing the country's foreign trade and export potential by the liberalization of foreign economic activity in the formation of the national economy, taking into account features of the transition to a market economy in our country, especially those that have accumulated in the world It requires the need to further improve the methods of organizing and regulating free economic zones in our country by the laws. One of the most important issues of today is the effective use of the experience and methods of foreign countries in the organization and functioning of free economic zones.

In particular, in the third direction of the Decree of the President of the Republic of Uzbekistan Sh. M. Mirziyoyev "On the strategy of actions for the further development of the Republic of Uzbekistan", which is called "Further development and liberalization of the economy", it is important to ensure the stability of the national economy, the introduction of modern technologies for the production of competitive products, export-oriented products and materials, the introduction of modern principles and mechanisms of transport and logistics infrastructure, the introduction of modern principles and mechanisms for the development of entrepreneurship and attracting investment for foreign investors will be promoting the activities of free economic zones and the effectiveness of attracting foreign investments. Each state has its system of prices for resources, tax policy and legislative framework, different levels of development of industries, and, accordingly, there are differences in the profitability of subjects and objects of investment. Import and export operations on the movement of capital are also associated with political stability and the level of trade on the international market.



Attracting foreign investments on a large scale into the state economy pursues long-term strategic goals of creating a civilized, socially-oriented society characterized by a high quality of life of the population, which is based on an economy that assumes not only the joint effective functioning of various forms of ownership but also the internationalization of the market of goods, labor and capital.

Investments are cash, targeted bank deposits, shares, shares and other securities, technologies, machinery, equipment, licenses, including for trademarks, loans, any other property or property rights, the intellectual property invested in objects of entrepreneurial and other types of activity to make a profit and achieve a positive social effect. In world practice, there are three main forms of investment:

direct or real investments; portfolio, or financial, investments; medium-and long-term international loans and loans of loan capital to industrial and commercial corporations, banks, and other financial institutions. Direct investments can provide investing corporations with either full ownership of the invested company, or allow them to establish actual control over it.

Portfolio investments are the main source of funds for financing shares issued by enterprises, large corporations, and private banks. In the post-war period, the volume of such investments is growing, which indicates an increase in the number of private investors. The intermediaries in foreign portfolio investments are mainly investment banks.

Currently, the international loan capital market is divided into the money market and the capital market itself.

DISCUSSION AND RESULTS

Money market – the market of short-term loans (up to one year). With their help, corporations and banks replenish the temporary shortage of working capital.

The capital market is the market of medium-term bank loans and long-term loans, which are provided mainly during the issuance and acquisition of securities. In recent years, non-traditional forms of long-term financing have been used on the international market, for example, project financing, which consists in providing large loans for specific industrial projects of enterprises. Thus, this form of long-term lending is approaching direct investment. To attract foreign investors in each country, the following measures are mandatory:

Several income tax benefits; exemption from taxes and duties of materials, components, equipment imported for the development of production; accounting for exchange rate changes in taxation;

exemption from customs duties and value-added tax on the import of goods that are the contribution of a foreign investor to the authorized capital during the period of its formation, exemption from export customs duties of goods of own production;

Replacement of taxes, fees, and mandatory payments by the distribution of production products between the investor and the subjects;

Determination of the basics of economic activity of free economic zones and the provision of benefits in export production zones. In the implementation of a comprehensive program to stimulate domestic and foreign investment. Carrying out the necessary organizational measures. The main ones are:

- Stability of legislation on financial, currency, tax, tariff, and non-tariff regulation of investments;
- Informing entrepreneurs in advance about the planned changes in legal norms;
- Development of procedures and mechanisms that protect investors from illegal actions of management bodies.

CONCLUSION

In conclusion, foreign capital can bring achievements of scientific and technological progress. Attracting foreign capital to material production is much more profitable than obtaining loans for the purchase of necessary goods, which are still being spent haphazardly and only multiply government debts. The inflow of investments, both foreign and national, is also vital for achieving medium-term goals – overcoming the current socio-economic crisis, overcoming the decline in production, and the deterioration of the quality of life of people.

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