

# Investment Policy in The Innovative Development of The Economy of Uzbekistan

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**Abstract:** *The paper considers the need for an investment policy in Uzbekistan.*

**Keywords:** investment policy, investment policy strategy

## Introduction:

The deepening of the market economy in Uzbekistan is closely related to the solution of a number of problems that arise at each stage of its development. In this regard, an important place is occupied by the issue of innovative development of a socially oriented market economy. Recently, a number of documents have been adopted, such as the Strategy for Development of the Republic of Uzbekistan for 2017-2021, as well as the Strategy for Innovative Development of the Republic of Uzbekistan for 2019-2021, the Strategy for the Investment Policy of the Republic of Uzbekistan until 2025, which define the need, conditions and prospects for development. our country. [1]

Currently, innovative development is becoming the most important element of the socio-economic development of countries and regions of the world economy. In Uzbekistan, as in other states of the world community, work is underway to modernize, technical and technological re-equipment of industrial production, to involve academic and industrial science in this process.

## Analysis of literature on the topic:

The variety of theoretical and methodological problems in the study of the innovative development of the economy has led to the existence of different points of view on this process and ambiguous approaches to the analysis of its features.

As a scientific direction, innovative development has spread thanks to the works of such scientists as I. Schumpeter, P. Drucker, D. Clark, G. Mensch, D. Bell, E. Denisov, T. Kuhn, M. Porter and K. Arrow.

The Russian scientific community of researchers of this problem is represented by the works of L.I. Abalkina, S.Yu. Glazieva, A.G. Gryaznova, A.A. Dynkin, A.G. Zeldner, A.N. Illarionova, B.JI. Inozemtseva, G.B. Kleiner, V.V. Kulikova, I.N. Myslyaeva and others. [2]

Speaking about the innovative way of development, we studied the issues of state investment. So, today a number of economists continue to research investment processes. Thus, American economists Stanley L. Brue and Campbell R. McConnell identify "investment spending as the second major determinant of aggregate demand"; and there are 2 parameters "interest rates and expected profits [3]

**Research methodology.** The work uses an abstract method, as well as mathematical and statistical methods.

**Analysis and results:** The investment policy of the state is a set of interrelated goals and measures to ensure the required level and structure of investment in the country's economy and its individual spheres and industries, to increase the investment activity of all the main agents of reproductive activity: the population, entrepreneurs and the state.

Investment policy is associated with the creation of conditions for attracting domestic and foreign investment, primarily in the real sector of the economy. Investment policy as part of financial policy is implemented at different levels of government and financial management of business entities.

The purpose of the state's investment policy is to: ensure the structural restructuring of the economy, stimulate entrepreneurship and private investment, create additional jobs, attract investment resources from various sources, including foreign investment, stimulate the creation of non-state structures, to accumulate money savings of the population for investment purposes, create legal conditions and guarantees for the development of mortgage lending, the development of leasing in investment activities, support

for small and medium-sized businesses, improving the system of benefits and sanctions in the implementation of the investment process, creating conditions for the formation and development of venture investment.

Today, the investment legislation of the Republic of Uzbekistan is one of the most advanced in the system of legislation of the CIS countries, incorporating the main provisions of international investment law, in particular, provisions on guarantees of the rights of foreign investors, the provision of significant preferences for investors and others.

But at the very beginning, in the face of an acute shortage of resources for investment, it was very important to develop a flexible and long-term investment policy. And such a step was taken: the leadership of Uzbekistan radically changed the direction of investment policy - not from investments to priorities, but from priorities to investments. Initially, it was clearly defined which industries needed to be developed, first of all, in order to purposefully stimulate the inflow of investments in them.

To this end, a number of interdependent economic and organizational measures were carried out, which, as experience shows, do not contradict the concept of building a market economy, which provides for the use of economic mechanisms in the formation of investment funds for the development of priority areas. Also, the measure of state participation in the economic regulation of investment activities was determined. It was based on the dual function of the state in the implementation of investment policy. On the one hand, the state creates a favorable economic environment through the adoption of appropriate legislative acts, and on the other hand, it functions as the owner of a complex of production and economic structures and itself invests in their development.

State regulation of investment activities in the Republic of Uzbekistan is carried out with the help of the tax system, depreciation policy, a system of subsidies, subsidies for individual enterprises, credit, pricing policies and many others.

At the same time, the financial and credit mechanism should pursue the elimination of monopoly in various industries and spheres. Since demand exceeds supply in the capital market today, the borrower must take into account not only its own tax policy, but also the attractive conditions of other countries.

The ultimate (strategic) goals of the state determine the degree of impact of this form of financial and monetary policy on production. "... An investment decision is inherently the result of a comparison of marginal benefits and marginal costs" [4.]

For the period 2009-2018 in the republic only within the framework of investment programs, 221 large investment projects totaling \$ 21.4 billion have been implemented. [5]

The investment policy strategy makes it possible to determine the main priorities for the implementation of the investment policy of the Republic of Uzbekistan, cross-sectoral coordination of the activities of the executive bodies of state power of the Republic of Uzbekistan, local authorities, the business community, as well as other stakeholders in the field of investment policy.

Prospects for the development of investment processes and ensuring, on this basis, the implementation of the goals and objectives of medium-term development are limited by the presence of a number of problems and imbalances both in the dynamics and structure of investment flows, and in the position of the economy as a whole, individual industries and regions. The strategy identifies 15 key issues to improve investment attractiveness in Uzbekistan. [4]

Thus, the implementation of the state investment policy is aimed at accelerating the socio-economic development of the country, which is confirmed by the main goals and priorities of the investment policy of Uzbekistan until 2025.

A concrete expression of the long-term regulation of investment policy is the adoption in Uzbekistan of the Investment Program for 2021-2023, which includes:

- consolidated forecast parameters for the development of capital investments in 2021–2023, as well as forecast parameters for the development and attraction of investments and loans in 2021–2023, providing for the development of centralized and non-centralized investments in the amount of 928.7 trillion soums, including \$ 37, 5 billion foreign investment,
  - a targeted program for the commissioning of large production facilities and facilities in 2021, which provides for the creation of 226 new production facilities and more than 34 thousand jobs,
  - a list of investment projects that require the development, coordination and approval of pre-project and project documentation in 2021;
  - a list of promising investment projects to be developed in 2021.
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In 2021, Uzbekistan plans to master \$ 23 billion of investments. [6]. He signed a decree of the President of the Republic of Uzbekistan on the State Program "Year of Support for Youth and Strengthening Public Health". 29.5 trillion soums, 2.6 billion dollars and 57.3 million euros will be allocated for its implementation. (in 2020 - 18.2 trillion soums and 10.3 billion dollars). [7]

However, there are also certain shortcomings in the investment policy of the Republic of Uzbekistan that contribute to the slow development of the economy and the country as a whole. There are such disadvantages as: a lack of investment in fixed assets, insufficient investment attractiveness, the dynamics of foreign investment is insufficient to accelerate economic growth, there is no clear mechanism for coordinating the investment market, new mechanisms aimed at innovative development of the economy do not work.

In addition, it should be noted that COVID-19 introduced significant problems to the country's economy, since it is no secret that the world economy has fallen into a deep economic crisis, while innovations will solve the problems of economic growth, employment, and growth in the population's income.

**Conclusions and suggestions:** The investment policy of the Republic of Uzbekistan in the field of economic development, in general, should be based on an equal public-private partnership and is aimed at combining the efforts and resources of the state and entrepreneurs of the country to enhance innovation.

The main reference point for us should be the continuous technological and technical renewal of production, as well as the constant search for external and internal reserves, the implementation of deep structural transformations in the economy, the modernization and diversification of industry. Based on the strategic directions of the transition to an innovative path of development, we consider it necessary:

- to use a system of strategic planning, which makes it possible to form future models of innovative development of priority areas and industries based on long-term scenarios for increasing the intellectual and technological potential of the country;

- Use a flexible economic mechanism for the introduction of innovative forms of public administration, ensuring the optimization and simplification of procedures for the provision of public services, increasing the efficiency of government bodies; expand the conditions for attracting investments in the development and implementation of innovative ideas and technologies, improving the regulatory framework that ensures their further development;

- in the process of planning investment projects, take into account interregional disproportions and untapped export potential; move from drawing up short-term to medium-term state investment programs, attracting foreign investment;

- ensure information transparency of investment objects, increase the reliability of securities and enhance their role in foreign investment; improve the mechanisms and nature of the analysis, as well as the expertise of feasibility studies of investment projects, especially in regions with an unfavorable investment climate;

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