

## Mechanisms Of Increasing Investment Attractiveness In The Country Through Commercial Bank Loans

**Ulugbek Khalmatovich Kakhkharov**

Independent researcher of Tashkent International University of Chemistry Email:

[ulugbek\\_kakhkharov@mail.ru](mailto:ulugbek_kakhkharov@mail.ru)

**Dilnoza Shavkatovna Kakhkharova**

Doctoral student of the Institute of Macroeconomic and Territorial Studies

**Abstract:** This article shows a close connection between the degree of development of the country's economy and the investment climate and credits. It is known that before investment of monetary resources in a certain territory on the basis of front methods, the investment climate and the attractiveness of the given area are estimated. Proposals have been worked out on the effective use of these methods in the development of the economy of Uzbekistan.

**Key words:** Investment, investment credit, export, asset, fixed assets, diversification, modernization, devaluation, investment portfolio, credit, loan portfolio, foreign capital, interest rate.

In the process of globalization of the world countries, the priority task is to strengthen the consistent efforts to reform and modernize the economy in Uzbekistan, to raise them to a new, higher level. In order to ensure the unconditional fulfillment of these tasks, it is aimed at further enhancing the development of our country and the well-being of our people, and investment loans from banks play an important role in strengthening the export potential.

It is well known from the experience of developed countries that the economic growth of any country is inextricably linked to the financial stability of the banking system. This is because banks play an important role in the structural restructuring of sectors of the economy, modernization of production, creation of new enterprises, development of small businesses and attracting foreign investment.

The share of investment loans in commercial banks of the country is 12% of total loans. The same figures were found in 32.5% in the US, 41.5% in Germany and 15.3% in China. These indicators show that the share of investment loans in the country should be increased at least two to three times. In today's world of growing economic competition, it is important to radically increase the competitiveness of the economy, strengthen the full support of export-oriented enterprises, ensure the practical participation of small business and private entrepreneurship in foreign markets, create favorable conditions for them.

The Decree of President Shavkat Mirziyoyev "On the Strategy of Actions for the Further Development of the Republic of Uzbekistan" marked a new stage in defining the priorities of economic development and liberalization. The main purpose of this Decree is to further increase the effectiveness of reforms in our country, to create conditions for the full development of the state and society. In particular, the third direction of this historic document for the next five years focuses on ensuring reliable protection of the rights and guarantees of private property, removing all barriers and restrictions, giving full freedom to further develop the business and investment climate. This will undoubtedly lead to the introduction of modern principles and mechanisms for regulating the activities of investment and bank investment loans, the monetization and active diversification of leading industries, the reform of the financial and banking sector.

Among the indicators included in the BERI index, political stability (12 points) is important. In general, the BERI service is a reputable organization in this regard. The organization analyzes the investment climate in capital-importing countries and determines the level of investment risk. The BERI service uses the press to determine the level of risk of investors investing in foreign countries with different indices. Currently, organizations providing such services are assessing the investment climate in more than 55 capital-importing countries. In this case, the higher the score in the assessment of the country's investment climate, the more stable it is.

**Table 1**

**The volume of foreign investments and loans attracted to the economy of Uzbekistan, as well as foreign direct investment, their share in total investment**

| Indicators  | 2011      | 2012      | 2013      | 2014      | 2015      | 2016      | 2017      | 2018      | 2019      | 2020      |
|---|-----------|-----------|-----------|-----------|-----------|-----------|-----------|-----------|-----------|-----------|
| Total investments, bln. USD                                   | 4,7       | 6,5       | 8,2       | 9,7       | 10,8      | 11,7      | 13,0      | 14,6      | 15,8      | 17,2      |
| Foreign investment and loans, bln. USD                        | 1,2       | 1,7       | 2,9       | 2,8       | 2,5       | 2,6       | 3,0       | 3,1       | 3,3       | 3,4       |
| Foreign direct investment, bln. USD                           | 1,0       | 1,4       | 2,5       | 2,4       | 2,0       | 2,0       | 2,2       | 2,3       | 2,4       | 2,5       |
| Share of foreign investment in total investments (in%)        | 24,4<br>7 | 26,1<br>5 | 35,3<br>7 | 28,8<br>7 | 23,4<br>3 | 21,9<br>7 | 23,0<br>8 | 21,2<br>3 | 20,8<br>9 | 22,3<br>5 |
| Share of foreign direct investment in total investments (in%) | 20,4<br>3 | 21,0<br>8 | 30,3<br>7 | 25,0<br>5 | 18,4<br>3 | 17,3<br>5 | 16,6<br>2 | 15,7<br>5 | 15,1<br>9 | 14,8<br>8 |
| <b>Share of foreign direct investment in total (in%)</b>      | 83,4<br>8 | 80,5<br>9 | 85,8<br>6 | 86,7<br>9 | 78,6<br>6 | 78,9<br>9 | 72,0<br>0 | 74,1<br>9 | 72,7<br>3 | 73,5<br>4 |

*Source: Prepared on the basis of data from the Ministry of Economy of the Republic of Uzbekistan. (www.mineconomy.uz)*

It is known that the share of domestic investment in GDP growth is significant. Investment loans of commercial banks also play an important role in this. These loans are primarily used to finance investment projects under the programs aimed at modernization of industrial sectors of the economy, the formation and development of modern infrastructure, socio-economic development of the regions and the creation of new jobs. In particular, a total of 12.04 trillion soums were allocated by commercial banks for the modernization, technical and technological re-equipment of enterprises. soums of investment loans were issued. This figure is 8 times higher than in 2008 in the national currency.

In conclusion, it is necessary to take the following measures to intensify the attraction of foreign investment in the national economy:

1. It is necessary to intensify the establishment of free and special industrial economic zones, taking into account the specifics of the regions of Uzbekistan;
2. It is necessary to improve the tax and customs system for foreign investors, strengthen the incentive role of taxes;

3. It is necessary to simplify the process of establishment and registration of enterprises with a share of foreign investment and the proportional placement of enterprises with foreign investment in the territory of the republic;
4. It is necessary to identify areas, sectors, facilities of interest to foreign investors and ensure transparency of information about them. In particular, it is necessary to prepare presentations (in English), presentations, reflecting the investment potential of Uzbekistan. At the same time, increase the activity of local governments in providing foreign investors with complete information about the investment climate in the region - providing foreign investors with complete information (database of investment projects and business proposals, regional publications, raw materials and labor potential), investment conferences, seminars and presentations (on the territory of the republic and abroad);
5. It is necessary to develop the concept of "Economic Development in the Regions" aimed at increasing the effectiveness of regional programs to attract foreign investment in the national economy, its constant monitoring, increasing investment attractiveness;
6. Production (electricity, transport and communications, road construction, logistics, gas, clean water supply, etc.), market (commodity market, financial market and labor market) for the active attraction of foreign investment in the regions of the country, further development of social infrastructure (education, health, arts, culture, sports, social security, household services, housing, etc.) and attracting potential investors based on the announcement of tenders for promising investment projects based on the specifics of regional development should be.

#### REFERENCES

1. Resolution of the President of the Republic of Uzbekistan dated May 6, 2015 No PP-2344 "On measures to further increase the financial stability of commercial banks and develop their resource base." Collection of Legislation of the Republic of Uzbekistan - Tashkent, 2015.18 (674).
2. Official site of the Central Bank of the Republic of Uzbekistan: [www.cbu.uz](http://www.cbu.uz).
3. Data of the Ministry of Economy of the Republic of Uzbekistan [www.mineconomy.uz](http://www.mineconomy.uz)
4. "How to create an investment climate for all?" Published by the World Bank. Annual report on the development of the world economy.
5. Vaxabov A.V., Xajibakiev Sh.X., Muminov N.G. Foreign investment. Study guide. –T: "Finance"
6. Commercial Banking: The management of Risk, James W. Kolari, Benton E. Gup 530-page 2005 y