

Foreign Direct Investment - Its Role in Economic Development

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Abstract: The article describes the content of foreign direct investments, forms of attraction, their role in the development of the economy of Uzbekistan, as well as increasing the attractiveness of the investment environment and foreign direct investments. proposals and recommendations aimed at active involvement are presented.

Key words: foreign investments, investment, investment environment, fixed capital, foreign direct investments, benefits, enterprises with foreign investment, gross domestic product.



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INTRODUCTION

The processes of global integration around the world are continuing faster. Nowadays, countries are announcing serious interest in increasing the possibility of attracting foreign investment. "Foreign direct investments are the most important factors in the development of the country's economy" [1]. According to scientific studies in the world, special attention should be paid to the effective use of state property and state organizations' economic organizations and facilities, creation of favorable conditions for active attraction of investments, development of new competitive productions and small enterprises. Today, the attraction of investments in many areas ensures not only the developing economy of Uzbekistan, the population, but also the further development of the invested enterprises and organizations and the employment of the population.

The role of regions in the development of the economy of Uzbekistan is very important. Among the main problems of attracting foreign investments in the national economy, the problems of their correct distribution across regions occupy a large place.

MAIN PART

Foreign direct investment is a broad concept, and we will explain it as follows.

According to the Law of the Republic of Uzbekistan "On Investment and Investment Activities", direct foreign investment is a foreign investor's own funds without government guarantees, under risky conditions or investments at the expense of loan funds [3].

According to A.Sh. Bekmurodov, direct foreign investment is the direct export of capital that gives the investor the right to control the enterprise, and thus the foreign branch of the main parent company of the enterprise. becomes a company [4].

B.A. Vakhobov states that foreign direct investments are long-term investments that allow the investor to have effective control over economic activity, at least 10% of the company's share or shareholders' capital. [5].

A.S. Azizov emphasizes that the term foreign direct investment should be understood as an investment in a foreign enterprise by providing partial or complete control over economic activity [6].

The main factors for attracting foreign direct investment are access to markets and resources. The concentration of foreign capital only in certain regions and certain sectors limits the development of the economy of other regions, primarily affects the economy of regions with no industrial development. [7].

RESEARCH METHODOLOGY

Grouping, comparison, forecasting, analysis and synthesis methods are widely used in the article.

ANALYSIS AND RESULTS

World experience shows that any country that has an active investment policy has achieved stable growth of its economy. Therefore, investment is called "economic driver". New technologies, advanced experiences, and highly qualified specialists will enter investment in various industries and sectors, regions, and entrepreneurship will develop rapidly [8].

The following are the main problems in attracting direct investments: insufficient development of investment infrastructure; lack of effective participation of commercial banks, investment funds, insurance and leasing companies in the implementation of investment projects; lack of quality and demand-level qualified labor force, etc.

If we consider the flow of foreign direct investments attracted to developed and developing countries in 2017-2020, we will express it in Figure 1 below. , first of all, it should be aimed at stimulating the rate of growth of savings and reducing the level of consumption at all stages of economic management. It can be achieved by strengthening the regulatory function of taxes collected from legal entities and individuals, foreign investors in the economy. Strengthening the incentive functions of taxes within the framework of the investment activity development system leads to the expansion of the role of market mechanisms in investment financing. In order to expand the flow of foreign direct investment, it may be important to exempt foreign investors from all forms of customs fees, taxes and duties until they acquire production facilities. . The main task of state regulation of investment activities in the establishment of a multi-level economy in the country receiving investments is to coordinate their optimal proportions, create equal legal conditions and guarantees for implementation in life.

The effect of the investment policy in Uzbekistan is determined by the state of development of investment activities in the country. Therefore, as a rule, the goal of any investment policy is focused on the development perspective of existing investment activities.

CONCLUSION

The following conclusions can be drawn regarding the attraction of direct foreign investments. Including:

In order to create an effective system of attracting foreign direct investment, it is important to develop a development strategy first. Secondly, it is also necessary to create "no maps", which will help to define successful processes of investment attraction along the way. Thirdly, it is

suggested that it is necessary to develop a concept for future years. The set of factors influencing the decision to make investments differs depending on the sector of the investor, but it is scientifically proven that it is appropriate to have indicators that describe the investment environment of the region and serve it in attracting all types and groups of investors.

It is necessary to improve the system of attracting foreign direct investments and ensure the practical implementation of the following tasks:

harmonization of national legislation on foreign direct investments with international and regional standards, use of various model legal regulation methods for state support of investment activities in international experience;

providing additional incentives and benefits to high-tech industries and enterprises developing and implementing innovative projects;

We believe that it is necessary to develop cooperative relations with enterprises with direct foreign investment, in particular, to ensure the integration of the local economy into the world market by entering their production chain.

Different approaches to attract foreign direct investments to the country's economy, their main goal is to develop the country's economy.

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