European Journal of Interdisciplinary Research and Development
Volume-05 July-2022
Website: www.ejird.journalspark.org ISSN (E): 2720-5746

THE IMPORTANCE OF FOREIGN DIRECT INVESTMENT IN THE ECONOMIC DEVELOPMENT

Rustam Islamovich Ramazonov
Special Water Construction Investment LLC,
Product Quality Control Inspector

Abstract
The article provides a theoretical study of the importance of investment in the country's economy, the expected level of return on investment and investment strategy, and develops practical proposals and recommendations in this regard.

Keywords: investment, policy, technology, strategy, credit, capital, investment, privilege.

Introduction

The share of foreign direct investment and the extent to which it is used effectively play an important role in the development of production in the economy. It should be noted that foreign direct investment is a much-needed financial resource for developing countries.

It is a form of placement of foreign direct investment, which indicates the investor's direct right to property. Foreign direct investment refers to the placement of a financial resource in the economy of the receiving state by its investing state or its business entities.

On Investments and Investment Activities stipulates that "foreign direct investment is an investment made by a foreign investor without government guarantees, at their own risk or at the expense of borrowed funds in risky conditions."[1].

To a certain extent, investment is a key tool for the development of modern equipment and technologies, the introduction of advanced methods of production and services, the restoration of scientific and technological achievements and the potential of human capital. As a result of attracting foreign direct investment, new enterprises will be created, existing ones will be technically and technologically rebuilt, and competitive goods will be produced, which in turn will create new jobs.

The implementation and development of structural changes in the economy largely depend on investment. It is impossible to provide the economy with modern equipment and technologies and further increase the export potential of our country without investment. In general, the effective implementation of reforms is the basis of economic development, a factor in strengthening the country's international integration and position in the world economy, as well as a key criterion for achieving and modernizing the economy.

Article 30 of the Law of the Republic of Uzbekistan "On investments and investment activities" the methods used by the state to support investments and investment activities include: the application of benefits and preferences, the allocation of centralized investments to co-finance an investment project, financial, advisory and informational support [1] .

Ensuring macroeconomic balance of the country Implementing the new development strategy of Uzbekistan for 2022-2026, continuing the industrial policy aimed at ensuring the stability of the national economy and increasing the share of industry in GDP by 2026 The role and place of foreign direct investment in the implementation of the tasks of increasing the volume by 1.4 times is very important.

Decree of the President of the Republic of Uzbekistan "On the development strategy of the new Uzbekistan for 2022-2026" Goal 26 is to further improve the investment climate in the country and increase its attractiveness, attracting $ 120 billion in foreign investment over the next five years, including $ 70 billion. Establishment of a new system for the efficient use of investments and increase exports, on a "bottom-up" basis, the implementation of the strategy of attracting foreign and domestic investment until 2026, on the basis of public-private partnership in energy, transport, health It is an important source of funding for such tasks as "attracting $ 14 billion in investment in health, education, environment, utilities, water management and other areas" [2].

Today, the topic we have chosen is one of the most pressing issues in the further development of the economy of our country, in the implementation of the above tasks.

The factors that lead to objective changes in the flow of foreign investment in the economy are:

•Creates the supply and distribution of international labor, capital, experience, technology, material resources;

•Ensures the liberalization of financial transactions and the acceleration of international capital flows;

•Leading to increased international competition based on the emergence of multinational corporations. These factors, in turn, will strengthen economic integration, stimulate the processes of globalization, require the harmonization of national policy in the field of competition with international policy, and lay the groundwork for expanding the scope of knowledge.

Foreign direct investment today comes not only in the form of simple remittances, but also in the form of financial and intangible assets, including technology, management skills, marketing skills [3,4]. The main importance of foreign direct investment for the recipient country is reflected in the following areas:

- foreign direct investment as an additional source of capital accumulation accelerates economic growth and has a positive impact on the structural restructuring of the economy;
- foreign direct investment flows stimulate the import of other forms of capital, i.e. portfolio investments and bank loans;
- The inflow of foreign direct investment stimulates the foreign economic activity of the country through export and import operations of enterprises established with their participation;
- The inflow of foreign direct investment encourages the entry of new equipment and technologies into the country and increases the demand for highly skilled workers by creating new jobs [5,6] .

In the practice of international statistics, a different concept of direct investment is used. For example, according to the International Monetary Fund, a foreign investment is a direct investment if the foreign investor owns at least 25 percent of the company's shares. According to the statistics of the United States and the International Bank for Reconstruction and Development, the Organization for Economic Co-operation and Development, such investments are recognized as direct investments only if they own at least 10 percent of the company's shares [7]. The expected return on investment should be higher than the interest rate that can be obtained in return for capital. Only then the demand of the host country for foreign direct investment will be met.

Today, the volume of foreign investments and loans in the structure of fixed capital investments by sources of financing has grown over the past five years. The main reason for such a positive change is the result of economic reforms in our country to attract investment.

The volume of foreign investments and loans in the structure of investments in fixed assets by sources of financing in 2017 amounted to 23.8%, In 2018, it was 24.3 percent, in 2019 it was 43.6 percent, in 2020 it was 42.7 percent, and in 2021 it was 42.7 percent.

Structure of investments in fixed assets by sources of financing (foreign investments and loans) [9]

Territories	2017	2018	2019	2020	2021
Republic of Uzbekistan	**23.8**	**24.3**	**43.6**	**42.7**	**42.7**
Republic of Karakalpakstan	10.0	23.7	36.9	38.9	38.2
Andijan	7.2	14.8	39.6	36.3	49.0
Bukhara	71.0	44.0	53.9	48.2	60.0
Jizzakh	10.8	8.7	48.8	61.9	28.9
Kashkadarya	18.0	51.1	70.3	69.3	55.9
Navoi	24.2	34.0	39.9	67.8	60.2
Namangan	31.6	33.5	45.8	37.2	32.6
Samarkand	2.8	4.7	27.8	27.0	31.8
Surkhandarya	11.5	21.4	66.3	60.1	44.1
Syrdarya	4.6	9.6	44.8	48.7	56.7
Tashkent	12.0	9.6	26.0	26.7	37.8
Fergana	5.8	19.4	42.7	41.3	39.7
Khorezm	6.8	8.5	42.5	32.0	34.9
Tashkent city	18.1	15.1	36.7	29.9	39.6

The inflow of foreign direct investment into the economy is mutually beneficial. Such a relationship will not work if there is no interest. For an economy that receives foreign direct investment, if foreign investment did not generate income, it would not receive foreign direct investment. For a foreign direct investment investor, the expected return on mobilizing foreign direct investment would not be higher than the bank interest rate at which the investment could be obtained; it does not mobilize foreign direct investment in another economy.

The inflow of foreign direct investment into the economy, in a short period of time, contributed to the formation of various forms of ownership, ensured the structural restructuring of the economy of Uzbekistan, the establishment of prestigious industries. Most importantly, it ensures that the country's economy brings its products to the international market and has a place there. As a result, the growth of the country's export potential and the balance of payments are ending in a positive balance. In general, the inflow of foreign direct investment into our country allows us to perform the following tasks:

•The basis for the establishment of joint ventures in the economy;

•Creates the basis for the establishment of foreign enterprises in the economy.

•Creates conditions for the entry of new equipment and technologies into the economy;

•Creates opportunities for the production of low-cost competitive products in the economy;

•The development of the securities market in the economy, in connection with its acceleration, will allow the inflow of foreign direct investment funds.

The peculiarity of the investment policy pursued in the economy is reflected in the priority given to the implementation of investment projects aimed at deep processing of local raw materials and the establishment of new industries based on energy saving and high technology [8] .

For the future economic development, attention should be paid to the following scientific proposals:

- further liberalization of the economy, development of private property, small business and private entrepreneurship, increase of small and medium enterprises engaged in export and creation of necessary conditions for their effective operation and further continuation of the system of state support push
- Representatives of local authorities, civil society institutions to ensure the timely implementation of state programs for the development of production and service infrastructure in order to attract foreign direct investment in the regions to organize and strengthen public control;
- Identification of areas, facilities and places of direct interest to foreign investors and the formation of a database on them, as well as ways to attract foreign investors in economically viable areas to seek;
- Encouraging the attraction of foreign direct investment through the further establishment of free economic zones, taking into account the nature of the industry and the economic development of the regions and their geographical location;
- Development of a complex system of measures to attract foreign direct investment in the private sector, etc.

In conclusion, the implementation of the above scientific proposals will have a positive impact on further intensifying the attraction of foreign direct investment in our country.

List of used Literature

1. Law of the Republic of Uzbekistan dated December 25, 2019 No. ZRU-598 "On investments and investment activities"
2. President of the Republic of Uzbekistan PF-60 of January 28, 2022 " On the development strategy of the new Uzbekistan for 2022-2026 " Farmoni
3. Sushama Deshmukh [2012], Effect of FDI on Employment Generation International Referred Research Journal, [Online] p 28.
4. Valiyev B. The role of foreign investment in ensuring economic growth. Finance. J // 2014 y. 6-soni 106-109 b.
5. Mirovie investment. Delovoy partner Uzbekistana, №5 (352), February 1, 2001, p.3.
6. Elamonovich Nuriddin Ernazarov. "INCREASING WAYS OF PROFITS'BASE IN BUDGET OF COUNTRY BY TAXES." Innovative Technologica: Methodical Research

Journal 3.03 (2022): 1-6. https://scholar.google.ru/scholar?hl=ru&as_sdt=0%2C5&q=nuriddin+ernazarov+&btnG=#d=gs_cit&u=%2Fscholar%3Fq%3Dinfo%3AIZgOgKvbKewJ%3Ascholar.google.com%2F%26output%3Dcite%26scirp%3D0%26hl%3Dru
7. https: //www.stat.uz/uz/rasmiy-statistika/investments