



## Trends in the Economic Condition in the Conditions of the Recovery of Economic Activity

**Zaynalov Jahongir Rasulovich**

Scientific Head Doctor of Economic Sciences, Professor

**Aziza Tokhirovna Akhmedova**

Senior Lecturer Samarkand Institute of Economics and Service  
[azizaaxmedova1982@gmail.com](mailto:azizaaxmedova1982@gmail.com)

### ABSTRACT

The article reveals the features of the trends in the development of the economic conjuncture as part of the revival of economic activity, outlines the features of economic recovery, accompanied by an investment boom in the conditions of the revival of the economy of Uzbekistan on a new basis, determines the mechanism for choosing an investment strategy, the pace and efficiency of investments, their payback.

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Over the past 10 years, the gap between GDP growth rates, investment inflows, and the commissioning of fixed assets has been insignificant (in 2000-2017, capital investments grew significantly ahead, mainly due to the attraction of investments in the oil and gas sector of the economy).

However, in the future, the crisis caused by the corona virus pandemic hit the investment complex most

severely: with the fall in GDP in 2008-2010. not only the volume of investments fell, but also the commissioning of fixed assets fell.

There is no doubt that in 2011-2015 the recovery of the economy was accompanied by an investment boom - outstripping growth in capital investments and commissioning of fixed assets compared to other macroeconomic indicators. To reach the pre-crisis level (and move from recovery to recovery), it was necessary to increase the annual volume of capital investments and the commissioning of fixed assets against the level of 2017. To achieve this for 2010-2015, the average annual growth rate of investments and commissioning of fixed assets should have been 21.0 and 32 percent, respectively. It was incredible. Therefore, the recovery period for the investment climate has become longer, even under a favorable forecast scenario.

Some signs of a crisis and a transition to economic recovery have already been observed since 2016. The commissioning of residential buildings increased in 2016 against 2015 by 7%. Capital investments increased by more than 6% compared to the corresponding period. The share of long-term credit investments in their total volume increased from 3.5% in 2015 and 5.1% in 2017 to 8.4-8.8%. The volume of foreign investment in the economy in 2019 grew exponentially. It is unlikely that this growth rate will continue in the future, and the amount of investment itself is still small (the world experience of foreign direct investment in 2021 increased by \$28.5 billion). However, the trend itself is encouraging. It is still too early to talk about the beginning of an investment boom, but under a favorable scenario, it can unfold from the beginning of 2022 with the speed of a chain reaction (under an unfavorable scenario - 2008-2010 - with lower growth rates), which will contribute to the revival of the economy of Uzbekistan on a new basis.

At the same time, it should also be noted that the choice of an investment strategy will largely depend on the pace and efficiency of investments, their payback. To a decisive extent, this will depend on a reasonable choice, the most promising objects of capital investment. The development of a strategy is not only the business of the state and local governments, but also of every investor, every entrepreneur.

Traditionally, it is believed that the most effective fields for the application of investments in Uzbekistan are the raw materials industries (and, above all, oil and gas production, metallurgy), as well as housing construction and transport. These favorites received about 45 percent of all investments in 2021, including housing construction - 22.6 percent (in 2019 - 14.3 percent), transport - 8.3 percent, fuel and energy industry - 6.7 percent. The sectors of the manufacturing industry (especially engineering and light industry) and agriculture received the least investment, the share of which in the volume of capital investments fell from 11.4 percent in 2019 to 3.3 percent in 2020. Investments in the reconstruction of premises for commercial banks and firms, and the construction of new housing are developing at a high pace. Similar distortions are also observed in the structure of foreign investments: in 2020, half of them were directed to the processing industry, 8 percent to construction, and only 3.6 percent to engineering.

It is obvious that such an investment strategy is largely unpromising. Rich deposits of gas and other minerals are gradually being exhausted, the volume of exploration work is increasing, and the increase in explored reserves is slightly increasing. Curtailment of the manufacturing industry with an increase in the share of the extractive industry (over 5 years, the physical volume of production in the first increased by only 7.1 percent, including in engineering - by 5.5 percent and in light industry - by 7.4 percent, while in the extractive - by 30 percent) practically slightly increases the ability of the economy to independently renew fixed capital, saturate the market with manufactured goods and food.

Currently, in Uzbekistan, in accordance with the laws and decrees of the Government adopted for 2017-

2021, the development of a forecast and concept for the socio-economic development of Uzbekistan for the long term (2022-2035), a forecast and a program for the coming years (until 2025) is beginning. G.). The most important part of these documents was the section relating to investments.

The first place among the strategic priorities of the investment business in Uzbekistan, of course, belongs to investment programs and projects aimed at meeting the demand of the population for quality goods, services, housing. It is here that there is real money backed by the incomes of the population (in 2021, 45.4 percent of GDP - \$ 28.6 billion - were spent on the final consumption of households; in developed countries, this share is usually 62-60 percent); in the consumer market, capital turns around faster, demand for means of production is heating up, giving impetus to the revival of other sectors of the economy. It can be expected that in the future the structure of investments (both internal and external) will change in favor of the consumer sector. This is all the more significant because for decades the consumer sector has been relegated to the background; heavy industry will be the first priority. During the years of the crisis, apart from housing construction, the share of other segments of the consumer market (food, food industry, production of services, medicines, health services, education, culture) significantly decreased in the total volume of investments. These biases need to be eliminated.

Equally important is the priority of high technologies, on which the competitiveness of goods and services produced in the domestic and foreign markets depends to a decisive extent (the line between them in an open economy is increasingly blurred), the effective implementation of all other investment priorities. A sharp absolute and relative reduction in investments in science, innovation, and engineering undermines the competitiveness of domestic products, deepens unstable development, and increases the dangerously increased dependence on imports of finished products.

Priority support deserves innovative projects that ensure the development and expansion of the production of those goods and services that are superior to foreign levels or equal to it, and have the necessary patent protection. The number of such high-tech niches is small and rapidly declining in the face of a sharp decrease in investment in science and innovation, but they exist.

In the field of extraction, processing and use of mineral, agricultural raw materials and energy supply, the focus of investment policy should be shifted from expanding the involvement in the production of natural resources to the completeness of their extraction and the complexity of processing, the implementation of resource-saving technologies. In recent years, the energy intensity and material intensity of the national income in Uzbekistan has increased significantly. This is a dead end path of development.

Investment projects aimed at creating a modern infrastructure (technical re-equipment of transport and communications), development of export and import-substituting industries are promising. The priorities aimed at maintaining innovatively developing enterprises at a modern level, technical equipment of law enforcement agencies and other state institutions remain relevant.

Each group of investors, each decision has its own field of investment priorities. Small private businesses prioritize investments in the consumer and innovation sectors. Large business focuses primarily on the fuel and raw materials industries, telecommunications, and export industries. Without state support, the development of science, education, culture, technology, and means of transport is impossible. Foreign investors flock to the fuel and processing industries, communications, and trade. In the future, individual, territorial priorities will be more and more consistent with each other, and they must be taken into account in order not to invest in unpromising projects.

A domestic financial corporation, when developing an investment business strategy, should strive to support the most promising areas. It is necessary to prepare and provide intersectoral investment

programs in the field of using modern information technologies in art and education, organizing health improvement, treatment and raising the educational level of children. Develop the High Technologies for Medicine program. This will help to concentrate investments on a small number of socially significant and high-tech projects.

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