Role of Foreign Investment In Economic Sectors

Ergashev Ilhomjon Ikromovich
Andijan Institute of Agriculture and Agricultural technologies, assistant professor of the department of “Economy in Agriculture”
phone: +998902545969, ergashev_1980@list.ru

Alimqulova Zarina bolon Ma'rusjon qizi
Andijan Institute of Agriculture and Agrotechnologies,
2nd year student of Tourizm speciality

Annotation: The article describes the modern methods of investing, which are the tools that characterize the sectors of the economy, and ways to overcome existing problems.

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One of the main tasks of reforming the national economy is to revitalize investment activity and develop a new mechanism to ensure its economic growth. The revival of investment activity is one of the most difficult problems facing all countries in the transition from a command-and-control economy to a market economy. It cannot be easily solved using monetary methods of management alone. Investment activity depends on many factors, so it is impossible to single out any way of managing it.

Economic growth in Uzbekistan is ensured, first of all, through the use of capital funds and the organization of new progressive production equipped with modern technological equipment. In the reform of the investment sector, special attention is paid to the investment activities of privatized enterprises. It is believed that enterprises will have additional opportunities to finance capital through the sale of property and shares. However, due to weak demand for shares and the fact that most of them are attached to the company's staff and management, in some cases the investment efficiency of privatization is lower than expected. It should also be noted that in order to attract domestic and foreign investors, the interests of enterprises in the placement of their shares in the free market are not taken into account, and there is no mechanism of interest in enterprises. The process of conversion into joint stock companies has not become a source of additional investment through the sale of shares and raising their price in the secondary market.

Falling inflation, lower bank interest rates, and lower government bond yields should help attract large amounts of credit to the real sector of the economy. But for now, these reserves are not enough. Therefore, enterprises that are expanding production also face the problem of finding sources of investment. Due to the shortage of financial resources in the country, many companies are looking for foreign partners who can invest, have modern production and management technologies and help to enter foreign markets. Attracting large amounts of foreign investment is seen as an important condition for achieving the reconstruction of the national economy.

The main goal of foreign entrepreneurs is to establish a strong foothold in the existing market, to control financial flows, to circumvent import and currency restrictions, and sometimes to squeeze a competing enterprise out of the market. That is why foreign investors cannot be considered as the main driving force in boosting the economy. Attracting foreign investors, creating benefits for foreign entrepreneurs, should be based primarily on
the interests of the country. It should be borne in mind that if the control over the enterprise belongs to foreign entrepreneurs, then the decision-making and income will move out of the country.

A decision that is beneficial from the point of view of business owners can be detrimental to the country’s economy. For example, if an enterprise is liquidated, the income of its employees will also be lost, government revenue will be reduced, and the state will have to bear the cost of hiring unemployed employees. That is why the involvement of foreign partners should be based on the balance of interests of all parties involved in this project. Many business leaders in Uzbekistan, as well as in other countries with economies in transition, are ready to cooperate with foreign partners. But research shows that their actions are somewhat contradictory. On the one hand, administrations are willing to retain control over their enterprises, on the other hand, they believe that foreign investors will take on many production facilities and financial problems specific to the transition period.

One of the reasons that complicates the relationship between business leaders and foreign investors is that they understand the difficulty of imagining the investment process. According to the company's management, a more complex stage of the investment process is the attraction of investment and its return to the investor, that is, the mutual exchange of cooperation. It is not a problem for them to effectively use the money and make a profit. This explains their desire to participate in the direct management of the enterprise in which they have invested or to control such enterprises.

One of the most important issues these days is the ability to produce new products and improve the quality of existing products, to market and sell them on the international market. Therefore, the main direction of investment should be research and development, technical re-equipment of production, retraining and development of product sales. Such a future of their investment will not be very pleasant for the investor, if the leaders of the enterprise look for various opportunities from the received funds and hope to solve their problems, first of all, the issue of wages. This can be considered as another reason why foreign investors try to control the activities of enterprises with their own funds.

One of the biggest obstacles to attracting foreign investment is the lack of improved property relations. For example, it is necessary to create a mechanism for the implementation of management regulations on the relationship between the management of the company.

Thus, the process of attracting foreign investment to the economy can be described in the form of a simple scheme: strategic goal-economic calculation, assessment of the level of risk, finding ways to minimize it. If such a combination of activities is clearly and fully implemented, then it is hoped that foreign investment will be attracted.

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