

INNOVATIVE BASICS OF INCREASING INVESTMENT ABILITY OF THE COUNTRY

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Abstract: *This article talks about the innovative foundations of increasing the investment capacity of the republic. In addition, the attention paid to investors in the country and conditions were discussed.*

Key words: *investment, innovation, investment environment, innovative method, free economic zone, foreign investments, macroeconomic stability, entrepreneurship, economic development.*

INTRODUCTION

Investment is an important factor of economic development. Development of entrepreneurship, increase of incomes of the population, reduction of unemployment rate, maintenance of macroeconomic stability and increase of the volume of production are largely dependent on the volume of investments entering the country. Therefore, a lot of work is being done to increase the volume of investment in our country. As a result, the volume of investments entering the economy of our country increases year by year, which leads to the rapid development of the economy and the development of entrepreneurship. As the President of our country, Shavkat Mirziyoyev, said: "World experience shows that any country that has pursued an active investment policy has achieved stable growth of its economy. For this reason, investment is the driver of the economy, in Uzbek terms, the heart of the economy, it is no exaggeration. New technologies, advanced experiences, and highly qualified specialists will enter industries and sectors, regions, and entrepreneurship will develop rapidly." [1]. In addition, the decree of the President of the Republic of Uzbekistan "On the strategy of actions for the further development of the Republic of Uzbekistan" defines the following priority directions for investment: "Strengthening of macroeconomic stability aimed at further development and liberalization of the economy and maintain high economic growth rates, increase the competitiveness of the national economy, modernize and rapidly develop agriculture, continue institutional and structural reforms to reduce state participation in the economy, protect the right to private property and its priority position further strengthening, stimulating the development of small business and private entrepreneurship, comprehensive and proportionate socio-economic development of regions, districts and cities, actively attracting foreign investments to sectors and regions of our country's economy by improving the investment environment"[2].

The role of investment potential in the investment environment. The legal and regulatory system in the formation of the investment environment. The goal of improving the investment environment is to create the necessary and acceptable conditions for increasing the investment potential. Investment potential is understood as a set of resources consisting of production reserves, capacities, forces, opportunities used (used) in economic activity. Investment potential characterizes the level of opportunities to invest in assets that will be used for a long time in order to gain profit or achieve a positive social effect. Investment potential describes the sum of several factors that have been formed in the country over the centuries. These factors include production factors, natural resource factors, labor factors, innovation and consumption factors, and the country's financial potential (Figure 1).

Natural potential includes the quantity and quality of natural resources, climate, and natural-geographical conditions of the country. Natural resource factors play an important role in the deployment of production forces and include: mineral resources (minerals); agro-environmental conditions; land and water resources; flora and fauna and others.

Labor potential characterizes the number of economically active population, age, level of education of the population. Also, intellectual potential shows the scientific, educational, spiritual and intellectual potential of society members, if it consists of people who have the ability to produce, knowledge, skills, and skills. As a rule, foreign investors are attracted to regions with a skilled workforce and low wages.

Production potential is the country's existing production capacities, means of production, economic structure, extractive and processing industries, the number of successfully implemented investment projects (including investment projects implemented by joint ventures), small business and represents the state of development of private business activity and others.

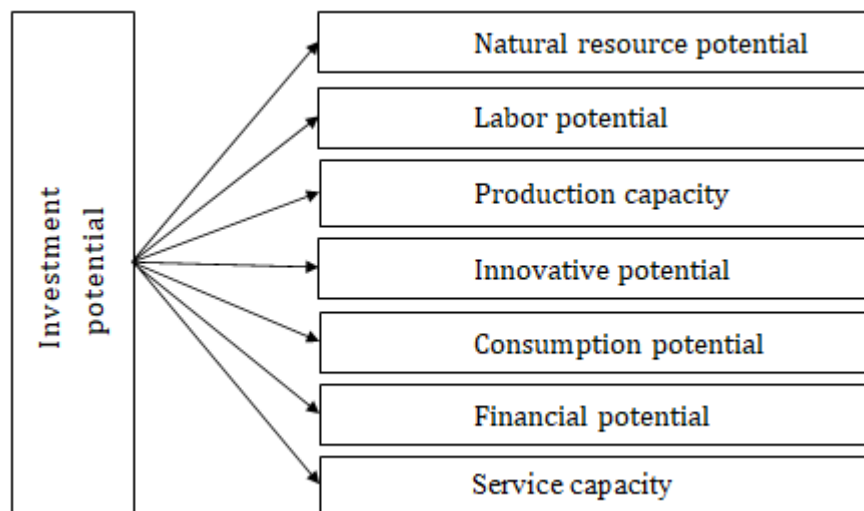
Technical-technological potential consists of the number of machines and mechanisms in the country, their structure, technological system, etc., and it is related to scientific achievements and to what extent they are implemented.

The innovation potential characterizes scientific-research and experimental-design developments in the country, the level of renewal (new generation) of techniques and technologies, innovations and discoveries in national production.

Consumer potential is considered by investors as the share of products produced in the country sold in the domestic market, based on the study of demand, the level of income of competitors and the population.

Financial potential characterizes the country's financial capabilities, the ratio of consumption and savings, monetary and credit and deposit policy in the banking sector, the state of foreign debts, internal reserves, etc.

Service capacity indicates the level of service provision in the country and the quality of service provision. The more developed the service is, the more investors are interested in it.



2.1- picture Investment potential factors

The presence of these factors representing the investment potential is the main reason for foreign entrepreneurs to invest in that country there may be reasons. However, the availability of investment potential cannot guarantee a stable inflow of foreign investment in the long term. Without favorable investment conditions in the country, investment potential is still "undigested" wealth. Assessment of the investment environment is based on investment condition.

Investment conditions include the following factors:

- general economic conditions - GDP growth rate, inflation rate, unemployment rate, interest rate, volume and composition of production, balance of payments, level of monopoly, currency conversion, external debt, volume of investments and sources of financing, state budget deficit, etc.;
- political conditions - political stability in the country, existence and validity of regulatory legal documents regulating investment activity and ensuring the rights of investors and the guarantees created for them, the state of crime and corruption, etc.;
- market mechanism conditions - market infrastructure development: banking, insurance, stock market, transport and communication, competition and price formation, etc.;
- conditions of information supply - development of information and telecommunications, opportunities to quickly obtain information about competitors, transparency of information about local partners, etc.;
- environmental conditions - the ecological situation in the country, the existence of ecologically dangerous areas in the country and in neighboring countries, the state of compliance with the environmental standards of international legislation, etc.;
- socio-cultural and ethnographic conditions - mentality and culture of the local population, lifestyle and living conditions of the population, society's attitude to foreign investments, etc.

It is known that the government improves investment conditions in the country, improves the macroeconomic situation, tries to achieve economic stability and ensures

economic growth. This not only ensures the attractiveness of the investment environment for foreign investors, but also activates domestic investment processes.

It is worth noting that in the formation of the investment environment in our country, it is necessary to constantly improve the legal and regulatory system. This, in turn, encourages foreign investment and ensures economic growth.

Today, it is a priority to ensure a favorable investment environment in Uzbekistan. The main task of the state is to create a favorable investment environment for attracting capital explained. Currently, the Republic of Uzbekistan has the opportunity to attract a large amount of foreign investments: legal documents that reflect guarantees and privileges; the increasing share of the private sector and small business and private entrepreneurship in the economy, state protection of private property and existence of a competitive environment; creation and development of necessary investment infrastructure; political stability; medium level of geographical location; possession of rich natural mineral raw materials; the development of the agricultural sector; availability of cheap and qualified labor resources, etc.

One of the important factors of the investment climate in Uzbekistan is the state and operation of the system of financial and economic incentives and benefits for foreign investors. In this case, it is appropriate to use these incentives and benefits to increase foreign direct investments in the production sector and, mainly, to increase the export potential.

As we mentioned above, the system of accepting foreign capital has been formed in the republic to a certain extent. This refers to a set of legal norms, rules and institutions that express state policy in relation to foreign capital. The system of receiving foreign capital is part of the investment environment, and at the same time it is considered independent, because it has the character of changing the system. The elements of this system are as follows; providing tax and customs benefits for foreign capital; a convenient mode of transferring profits to another economy; guarantees against nationalization; simple rules of registration;; establishment of free economic zones; limitation of share capital contribution; introducing a mandatory export quota; price control; licensing of foreign trade operations, etc.

In our opinion, in order to develop the favorable investment environment created in the republic, it is necessary to further strengthen the incentive factors. In this regard, in order to encourage investments in production, it is necessary to give complete freedom to business structures in the application of accelerated depreciation methods. In the conditions of the market economy, depreciation is one of the main factors that stimulate the investment activity of enterprises. Therefore, in developed countries, the rate of depreciation is determined simultaneously with the approval of the tax rate. In this case, high depreciation rates are set to encourage investment in leading sectors. It is important to use this experience in Uzbekistan, because the average rate of depreciation for machines and equipment is 15% in our country, while in the USA it is 20-33%, and in England it is 25%.

Strengthening the stimulating role of taxes in the development of a favorable investment environment is of incomparable importance. The stimulating role of taxes it can be considered in four ways, they are: temporary exemption from paying taxes; reduce the tax rate; narrowing of the taxable base; deferment of tax liability (tax credit). The mentioned

incentives are applied to a wide range of enterprises with participation of foreign investments to one degree or another. It is also necessary to introduce the implementation of incentive tax benefits, as well as investments in human capital, development and expansion of technological growth and technical knowledge. All this puts the issue of modeling the investment environment in Uzbekistan on the agenda. This model creates opportunities to collect perfect information about the factors affecting the foreign investor, to clearly assess the political, economic and social situation, to understand the motivations of foreign partners' actions, and to reform the main means of regulating foreign investments.

Also, the tax benefits used in the taxation of the income of enterprises based on foreign investment, firstly, the term, volume, conditions of application of these tax benefits should be clearly indicated; secondly, these concessions should be well known and understandable to foreign investors, and should be set for at least five to ten years; thirdly, it is necessary to ensure that tax benefits are fixed and fixed. Only then can these benefits be effective.

It is appropriate to study the world experience in providing tax benefits. In the US, companies are exempt from paying taxes during the period when they are operating at a loss. It would be appropriate to apply this experience to enterprises operating in the most necessary fields in Uzbekistan. For this, it will be necessary to establish strict tax control.

In the conditions of the transition to the market economy, the state should pay attention to the formation of certain systems, the organization of initial resources for the growth of new areas and production, or support for production. Also, it is desirable to strengthen the support of industries and scientific-research works, which are important for their strategic development, but will not be effective in the future.

All over the world, public funds are mainly spent on large-scale public works, such as road construction, urban development, and the development of industrial infrastructure. In the conditions of the economy based on the market mechanism, the role of the state is gradually narrowing, and mainly tasks at the state level remain in its hands. That is, the primary education of the social sphere, the field of emergency medical services of health, public administration, etc. are financed from the budget.

Investing capital for the development of intellectual potential in Uzbekistan is one of the most important factors for the development of the republic's economy in the future. Therefore, it is very important to give tax incentives to investors investing in this area.

The investment climate in the republic describes the gradation of legal reforms, the formation of market infrastructure, the growth of the non-state sector and privatization processes, a healthy economic environment and the stability of the socio-political situation.

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