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Article

Issues of Increasing Investment Attractiveness in Forming the Business Environment

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Abstract: The paper considers the problems of formation of an investment-attractive business environment in the regions of the Republic of Uzbekistan. Economic transformation: Structural shift and modernization Investment being a key factor for sustainable social-economic development, innovation and competitiveness in the frame of structural economic transformation and modernization. The objective of the work is to study regional investment attractiveness, its determinants and to justify practical proposals for improving the methodology investigation of this assessment and mechanisms governing it. The research uses the following: methods of economic analysis, comparison of statistical indicators, correlation analysis, observation, expert evaluation. Stimuli of investment attractiveness were grouped in terms of grades on their sensitivity to managerial intervention and delays of impact. The findings indicate that investment attractiveness is guided by a combination of macroeconomic stability, institutional quality, infrastructure development, efficiency of the financial system and capacity for innovativeness. It was concluded that fast reacting variables induce short term development in the investment flows with the structural and institutional drivers ensuring sustained growth. Results stress the necessity to improve regulation, establish regional financial infrastructure, promote technology between companies and institutions and support public–private partnerships. As a result, the article comes to the conclusion that for formation of favorable conditions for business activities and promoting capital flows as well as initiating entrepreneurship and maintenance of sustainable regional development it is important to conduct balanced investment policy.

Keywords: Regions, Investments, Investment Attractiveness, Assessment, Financing Of Investment Projects.

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1. Introduction

Against the background of profound structural shifts in raw economy and growing pace of modernization, the task to enhance investment appeal of territories is one of the pivotal lines pursued by economic policy. Investment is both a financial source and an instrument of development to trigger innovation, production capacity enlargement, employment generation and real sector competitiveness enhancement[1].

Good business environment is very much dependent on how investment capital, in particular foreign direct investment (FDI), can be attract and managed properly. Institutional investment Remarkable investment promotes economic growth by increasing labor productivity, boosting technology capability and connecting the national economy to the global economic system.

However, some shortcomings in the methodological aspects of estimating regional investment appeal did not vanish with many transformation reforms. It is in the latter sense that the significance of the present study can be seen, coming as it does on an ever-growing demand for scientific-based evaluation instruments and strategic ways of encouraging investment activity[2].

The objective of the study is to investigate the factors of investment appeal as backgrounds for developing proposals that will allow enhancing the business activity by means of effective management of investments.

2. Methodology

This paper systematically comprehensively investigated the present situation, existing problems and the prospects for effective utilization of investment policy in entrepreneurial development. Methods of economic analysis, comparison of statistical data, observation and expert evaluation were applied in the study. Furthermore, relevant local and overseas experiences were identified, and the elements therein were synthesized according to the analysis. Study results are a basis for scientifically substantiated recommendations on the formation of entrepreneurial environment and improving its efficiency at youth entrepreneurship development[3].

Literature review. Investment, to investire (to clothe) is the origin of that word in Latin and even now conceptions about what it represents are being radically transformed. Meanwhile, the issue of novel investment still represents one of the most focused fields within economic theory and practice. As a result of the multiple understandings of the economic category, it has different meanings and thin contents are produced, at which point their special meaning was blurred. Accordingly, it seems necessary to begin by elucidating the term and meaning of "investment".

J. Keynes, defines investment as the portion of income received in a given period not spent on consumption. Some economists consider investment as money, goal deposits, shares, other securities of the organizations etc., machines and equipment purchase licenses of adjacent enterprises or use in another way other vegetation to purpose of reception incomes and profit is income property rights introduction in objects investments and all other kinds field activities economic agents. According to P. Samuelson and V.D. Nordhaus, Investment is: Sacrificing present for future by deferring current consumption into the production of goods that will increase productivity in future. \ According to their interpretation, investment is investments in material (infrastructure, equipment and reserves) or social (education or human capital, research and development as well as health care) capital. The benefit of this definition is that the authors, having established the existence of an inverse dependence between consumption and investment (on tangible capital), also take into account investments on intangible assets[4].

3. Results

His investments - any investor would be glad to have reliable high efficiency. Thus, the desired effect will be reached if the management of investment processes is developed with consideration for the objective interests of investment object owners and investors. There are no limitations on the use of profits received by foreign investors in our country - at the discretion of the foreign investor, profits received in Uzbekistan may be reinvested in any form.

There are some other important legislative acts and legal norms aimed at further increasing the investment attractiveness of our country that were adopted. A number of economists have written extensively on the lure of foreign investment and what we should do to attract it and/ or activate it in the economy. One of them, A. Yusupov: "The international flow of financial resources is taking on a new nature at the current stage when there are fundamental changes within the global investment environment. This illustrates that nowadays countries across the globe perceive foreign investment as a vital driver of high development of the economy[5].

A duty is imposed, among others, to timely construct infrastructure on the basis of project documentation, i.e. timely fulfill special projects in the amount of more than $ 50 million and with a foreign investor share of at least 50 percent. For example, this is the construction of the Ustyurt gas chemical complex on the basis of the Surgil deposit. In this case, the state has committed to providing a total of $ 212 million in external engineering infrastructure. Also, the conditions created in the "Navoi" free industrial and economic zone and the "Angren" special industrial zone are an example of this.

In addition, the enterprises with foreign investments must be set up to meet the demands of both the domestic and foreign markets, creating import-substituting production. This can fast-track the inflow of foreign investments. Under the long-term republican program on attraction and use of foreign capital, a number of sectors requiring foreign technologies and equipment are singled out[6].

In the investment volume forecasting model, it is required to consider both the influence of each indicator determining investment attractiveness, and the time delay between the effect on the indicator and the change in the investment attractiveness. The period of time necessary to alter the investment attractiveness of the economic system from the moment when a relative indicator is changed should be calculated based on correlation analysis[7].

Correlation coefficient expresses the relationship between changes in capital flows and investment attractiveness, its maximum value There are many indicators of the system of economy influencing the investment attractiveness, which can be characterized according to the form of the influence acceptance by the managing institution:

Indicators that effectively ignore the impact; 3-5years;

1.5-3 Yrs – Indicators that temper the effect temporarily

– Indicators that accept the impact, but at a much slower and longer-change cadence, e.g. 12 months;

—instantaneous impact—means those indicators which almost immediately accept the impact and change their state in a short time interval, 3-6 months.

In the table below, Indicators are those indicators that express the managing entity's acceptance of the impact of action.

Table 1. Grouping Factors Affecting Investment Attractiveness by Level of Influence.

Description of the indicator group	Composition of the indicator group
Indicators that do not accept influence	Monetary policy, the overall balance of payments situation, changes in world oil prices, the volume of natural resources per capita and per unit area, the likelihood of external risks, and the stability of the economy.
Less influential indicators	Fiscal policy, refinancing rate, changes in the exchange rate of the national currency, standard of living, unemployment rate, impact of illegal opposition

Indicators that are moderately sensitive to the impact will change over time as the impact becomes more pronounced.	The general state of the economy, GDP growth, current inflation, inflation dynamics, development of the oil and gas complex, environmental conditions, growth of exports, growth of imports, attitude of the management apparatus to the workforce.
Rapidly changing indicators of impact, but not always complete.	Expected GDP growth, production growth, investment growth, consumption growth, level of infrastructure development, level of taxation, share of state property in the economy
Indicators that respond quickly change their state in a short period of time.	The cost and quality of labor, the degree of monopolization of the territory, the level of application of scientific and technological progress, the likelihood of environmental crises, the dynamics of official capital movements, and the dynamics of official trade.

This table 1 presents a structured classification of factors influencing investment attractiveness according to their degree of impact on the economic system. The indicators are divided into five groups based on their level of influence: indicators that do not accept influence, less influential indicators, moderately sensitive indicators, rapidly changing indicators, and indicators that respond quickly to short-term changes. Each group includes specific macroeconomic and institutional variables such as monetary and fiscal policy, GDP growth, inflation, exchange rates, infrastructure development, labor cost and quality, technological progress, and capital movement dynamics.

The purpose of this classification is to facilitate a comprehensive assessment of investment attractiveness by distinguishing between stable structural factors and dynamic short-term indicators, thereby supporting more effective management and policy decision-making.

Assessment of investment attractiveness of the economic system based on table indicators: study of each of them and the level of impact and therefore the development of measures designed to achieve the expected capital venture[8].

Discussion

That system of measures, which will be developed, must have a simultaneously positive shift on both; the indicator of investment attractiveness, and the development of the economy of regions and the business climate.

Typically, you should do the following:

Enhancing a regulatory and legal climate better for domestic and foreign investors, giving investors a guarantee and incentive[9]. Considering the characteristics of investment attractiveness, it is necessary to stratify this measure. In this case, in order to reduce the cost of placement of capital and capital-forming investments, it is necessary to increase the efficiency of investment conditions in reinvested territories which are needed to enhance the return from the other investments. Giving regions the ability to select an investor and even aid in controlling the investment process itself[10].

Forming one local financial system; Includes one local bank,Insurance organizations,Lending center,Leasing companies,local financial system andOne local financial system which get Investment fund[11].

Improving the municipal bond system. For enterprise, state and municipal order is one of the grass-roots, for amid the crisis of unable to raise investors. Thanks to implementation of state orders, such enterprises can top up their material reserves and step up production; and frequency of state orders boosts their investment appeal[12].

Make timely payment of taxes and fees into the regional budget and improve payment discipline; Tax Collection and Development of an Investment Market – which can be facilitated by the development of state authorities, development of data bases and information flows for and increase in public authority infrastructure of the region[13].

Coordination of technological interaction of industrial enterprises of the territories is carried out and, due to this, high economic efficiency is achieved[14]. Creating regional cooperation, particularly in the areas of planned subsoil resource development, will lead to lower transport and transaction costs for business and will provide opportunities to increase the output of high quality end products. Enhances the attractiveness of investments in the economic system This will then create further capital inflows[15].

Enterprises will then require funders and scientifically valid business plans to undertake investment marketing with large and broad requirements.

4. Conclusion

Efficient investments management will also contribute to the socio-economic development of the regions of our republic. To this end, the following will produce a beneficial impact:

-predicting the basic development strategy of the enterprises from the regions and the investment market condition.

To create an investment portfolio of our country regions and evaluated them with regard to profitability, risk and liquidity.

– organization of monitoring of efficiency of investments during realization of the project and realization of the project;

Running an adequate and sound investment policy in our territories and raising their investment attractiveness, we will have an opportunity to expand production, rapidly develop small businesses and individual enterprise, and steadily improve living standards as a result of technical modernization of leading industries and enterprises of the economy.

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