

FACTORS OF CREATING A HEALTHY INVESTMENT ENVIRONMENT IN THE COUNTRY'S ECONOMY

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Abstract:

Stable political environment and strong rule of law provide confidence to investors. Protection of property rights, enforcement of contracts, and an independent judiciary are essential. Economic stability and growth are crucial factors in creating a healthy investment environment. They provide confidence and predictability to investors, encouraging them to allocate capital and engage in long-term investment projects.

Key words: Macroeconomic Conditions, Economic Growth, Investors

Introduction

Stable Macroeconomic Conditions Low inflation, stable exchange rates, and controlled government debt create a stable macroeconomic environment. This reduces uncertainty and encourages investors to commit to long-term investments. Steady Economic Growth. Consistent economic growth indicates a healthy and expanding economy. Growing markets and increasing demand provide opportunities for businesses to expand and generate profits, attracting investors. Predictable Economic Policies. Clear and predictable economic policies, such as fiscal and monetary policies, provide stability and reduce uncertainty for investors. Investors are more likely to invest in countries with transparent and consistent economic policies. Favorable Tax Regime. Competitive tax rates, tax incentives for investment, and a stable tax code encourage investment. Predictable tax policies provide certainty and allow investors to plan their investments effectively.

Access to Financing:

- A well-developed financial system provides access to capital for businesses and investors.
- Banks, venture capital firms, and private equity funds play a crucial role in financing investment projects.
- A skilled and educated workforce is essential for economic growth and attracts investment.
- Investors are more likely to invest in countries with a productive and innovative workforce.

Infrastructure:

Reliable and efficient infrastructure, including transportation, energy, and telecommunications, supports business operations and enhances the investment environment. Adequate infrastructure reduces costs and improves productivity, making the country more attractive to investors. Trade and Investment Agreements: Participation in trade and investment agreements provides access to larger markets and reduces trade barriers. This creates opportunities for businesses to export their products and services, attracting foreign investment. Economic Stability and Growth:

- Stable macroeconomic conditions, low inflation, and steady economic growth create a favorable environment for investment.
- Predictable economic policies and a clear regulatory framework are important.

Transparent and Efficient Regulatory Framework. Clear, concise, and transparent investment laws and regulations reduce uncertainty and promote investor confidence. Efficient and streamlined regulatory processes minimize bureaucratic hurdles. A transparent and efficient regulatory framework is essential for creating a healthy investment environment. It provides clarity, predictability, and fairness to investors, encouraging them to allocate capital and engage in long-term investment projects.

1. Clear and Concise Regulations:

- Investment laws and regulations should be clearly written, easily accessible, and understandable to investors.
- This reduces uncertainty and allows investors to make informed decisions.

2. Efficient Regulatory Processes:

- Streamlined and efficient regulatory processes minimize bureaucratic hurdles and delays.
- Investors appreciate a transparent and timely approval process for investment projects.

3. Consistent Application of Regulations:

- Fair and consistent application of regulations ensures that all investors are treated equally and fairly.
- This builds trust and confidence in the investment environment.

4. Protection of Property Rights:

- Strong legal protection of property rights, including intellectual property, provides security to investors.
- Investors are more likely to invest in countries where their investments are protected from expropriation or infringement.

5. Independent Judiciary:

- An independent and impartial judiciary is crucial for enforcing contracts, resolving disputes, and protecting investors' rights.
- This strengthens the rule of law and increases investor confidence.

6. Regulatory Impact Assessments:

- Conducting regulatory impact assessments before implementing new regulations helps identify potential burdens and unintended consequences.
- This ensures that regulations are proportionate and do not stifle investment.

7. Investor Consultation:

- Consulting with investors and industry experts during the development of regulations provides

valuable feedback and ensures that regulations are practical and effective.

- This fosters a collaborative relationship between regulators and investors.

8. Regular Review and Update:

- Regulations should be regularly reviewed and updated to keep pace with changing economic conditions and business practices.
- This ensures that the regulatory framework remains relevant and supportive of investment.

Skilled Workforce and Infrastructure. A skilled and educated workforce is crucial for attracting investment. Reliable infrastructure, including transportation, energy, and telecommunications, supports business operations. Skilled Workforce and Infrastructure as Actors of a Healthy Investment Environment

Skilled Workforce:

- **Education and Training:** Investing in education and training programs develops a skilled and productive workforce that meets the needs of investors.
- **Attracting and Retaining Talent:** Creating attractive employment packages and career opportunities helps attract and retain skilled workers from both domestic and international sources.
- **Labor Market Flexibility:** A flexible labor market allows businesses to adjust their workforce size and composition in response to changing economic conditions, supporting investment.

Infrastructure:

- **Transportation:** Reliable and efficient transportation infrastructure, including roads, railways, and airports, facilitates the movement of goods and services, reducing costs for businesses and investors.
- **Energy:** Stable and affordable energy supply is essential for business operations and investment projects.
- **Telecommunications:** High-speed and reliable telecommunications infrastructure supports communication, data transfer, and e-commerce, enhancing the investment environment.
- **Water and Sanitation:** Access to clean water and sanitation is crucial for public health and employee well-being, attracting investment in sectors such as manufacturing and tourism.
- **Digital Infrastructure:** A robust digital infrastructure, including broadband internet and mobile networks, supports innovation, e-commerce, and digital transformation, fostering investment in technology-driven industries.

Benefits for Investors:

- A skilled workforce increases productivity, innovation, and competitiveness, enhancing investment returns.
- Reliable infrastructure reduces operating costs, improves efficiency, and supports business growth.
- A well-developed digital infrastructure facilitates remote work, collaboration, and access to global markets, expanding investment opportunities.

Competitive Tax System. Competitive tax rates, tax incentives, and a stable tax regime encourage investment. Clear and predictable tax policies provide certainty to investors. **Access to Capital:** Availability of financing, including bank loans, venture capital, and private equity, supports investment projects. Well-developed capital markets facilitate capital formation and investment. **Intellectual Property Protection:** Strong intellectual property rights protection encourages innovation and investment in knowledge-based industries. Enforcement of intellectual property laws safeguards the rights of investors and promotes fair competition. **Trade and Investment Agreements:** Participation in trade and investment agreements provides access to larger markets and reduces trade barriers. Bilateral investment treaties offer protection and incentives to foreign investors. **Government Support and Incentives:** Government support through investment promotion agencies, tax breaks, and other incentives attracts foreign investment. Streamlined investment approval processes and efficient

bureaucracy facilitate investment.

Social and Environmental Responsibility:

- Investors increasingly consider social and environmental factors when making investment decisions.
- A commitment to sustainability and corporate social responsibility enhances the country's attractiveness to investors.

Today, it is a priority to ensure a favorable investment climate in Uzbekistan. The role of the state in this process is explained by creating a favorable investment environment for attracting capital and increasing its attractiveness. Interest in attracting foreign investments to the national economy requires any country to develop its own investment policy. The developed investment policy defines the specific directions of attracting foreign investments, as well as the system of promoting their attraction and defines the legal order of investment activities.

It should be noted that the market mechanism of financial provision of investment processes, in turn, implies the active participation of commercial banks. In modern conditions, commercial banks of the country are constantly involved in investment processes. However, the existing macroeconomic indicators at the republican level indicate that the share of total credit deposits of commercial banks is still relatively low in the composition of the gross domestic product.

This shows that today the activities of commercial banks of the country in providing financial support for investment processes are not yet sufficiently developed. Therefore, both macro and regional state programs create the need to increase the role and role of commercial banks in financial support of investment processes and to further develop their activities in raising the attractiveness of the investment environment.

Research methods such as analysis and synthesis, induction and deduction, statistics and comparison were used in conducting the research. In the process of research

a brief description of the obtained results:

- to theoretically substantiate the importance of increasing the role of banks in increasing the attractiveness of the investment environment, as well as the importance and role of banks' participation in investment activities;

- studying the role of banks and their legal bases in increasing the attractiveness of the investment environment;

- Analysis of the modern state of investment activities of commercial banks in Uzbekistan, the main economic indicators and the level of efficiency;

- to determine the factors influencing the investment activity of commercial banks;

- study of foreign experience of development of commercial banks in investment activities;

- consists in developing proposals on ways to activate the participation of commercial banks in investment activities.

The level of economic development of the country, the rate of growth of investment activity largely depends on the investment environment. It is important to create the necessary conditions for attracting foreign investment to the economy of the republic, it can be invested in the economy of that country only when there are (positive) economic, political, social and legal conditions in the country.

That is why investment is the driver of the economy, it is no exaggeration to say that it is the heart of the economy in Uzbek terms.

The attractiveness of the investment environment is an important factor in increasing the flow of foreign investments.

Sources of resources of commercial banks consist of direct own funds and borrowed funds. If own funds consist of bank capital, the borrowed funds are formed at the expense of various forms of

deposits. In order for commercial banks to carry out active investment activities, it is necessary to increase capitalization levels first.

In this regulation, the procedure for establishing a bank syndicate for the implementation of syndicated lending, the procedure for issuing loans, conducting monitoring of syndicated lending, its accounting and its repayment is mentioned.

The implementation of investment projects is of great importance in the development of the national economy, which is explained as follows:

- foreign investments introduce modern techniques and technologies into the production and develop the production of products intended for export;
- to establish the production of import-substituting goods and to direct foreign investments to the priority sectors of the economy and to ensure the standard standard of living of the population;
- provides jobs to the growing population by developing small businesses and accelerating agricultural production.

The effectiveness of investment projects depends on the actual implementation of the plans developed on the basis of high indicators.

The presence of restrictions on the investment of commercial banks in enterprises. In Article 7 of the newly amended Law of the Republic of Uzbekistan "On Banks and Banking Activities" adopted on November 5, 2019, "Banks are prohibited from establishing legal entities and acquiring shares or shares in the authorized funds (authorized capital) of legal entities." is set as It is said that this restriction does not apply to joint-stock companies listed on the stock exchange in the amount of not more than twenty percent of the shares placed on the secondary market of securities.

In the current conditions of economic liberalization, the state has a special role in the modernization of various industries and sectors, structural reforms, and determining the priority directions of investment policy. In general, it can be said that by attracting investments in every sector of the economy, it leads to further expansion of production and improvement of the living conditions of the population.

To further expand the investment activities of commercial banks in our country, to continue implementing measures to support exporting enterprises and small businesses, to ensure the active participation of commercial banks in these projects with their credit resources in order to accelerate the implementation of investment projects by enterprises of the real sector of the economy, and finally as a result, it creates conditions for their transformation into large investment institutions.

It should be noted that the active participation of commercial banks in investment processes plays an important role in the further development of the economy and the rise of the country's economic potential. In addition, the role of commercial banks is important in increasing investment activity aimed at ensuring the necessary level and structure of investments in the economy of the republic and its separate sectors, finding sources of investment and identifying the priority sectors of their use.

Conclusion

In our opinion, the following issues should be resolved in order to increase the investment activity and attractiveness of the investment environment in the country's economy. In short, the implementation of the measures proposed above will have a positive effect on the sustainable growth of our economy in the perspective of the development of the activation of the participation of commercial banks in investment activities.

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