

THE IMPORTANCE OF MACRO AND MICRO ASPECTS IN INVESTMENT ACTIVITY

Ruzibaeva Nargiza Khakimovna

Samarkand Institute of Economics and Service

Associate Professor of the Department of Investment and Innovation

Abstract:

Investment activity is influenced by both macroeconomic and microeconomic factors. Understanding these aspects is crucial for investors to make informed decisions and assess the risks and returns associated with their investments.

Key words: Macroeconomic Aspects, Interest Rates, Inflation

Introduction

Macroeconomic Aspects:

- **Economic Growth:** Strong economic growth indicates a favorable environment for investment, as businesses are more likely to expand and hire, leading to increased demand for goods and services.
- **Interest Rates:** Low interest rates make borrowing cheaper for businesses and individuals, stimulating investment. Conversely, high interest rates can deter investment.
- **Inflation:** Moderate inflation is generally seen as positive for investment, as it can indicate a growing economy. However, high inflation erodes the value of returns and reduces the attractiveness of investment.
- **Government Policies:** Government policies, such as tax incentives, subsidies, and regulations, can significantly impact investment decisions.

- **Global Economic Conditions:** The global economy can influence domestic investment activity through factors such as trade, currency fluctuations, and geopolitical events.

Economic growth is a crucial macroeconomic factor that significantly influences investment activity. Here's how economic growth impacts investment:

Increased Demand:

Strong economic growth leads to increased demand for goods and services. This encourages businesses to expand their operations, hire more workers, and invest in new equipment and technologies to meet the growing demand.

Higher Corporate Profits:

Economic growth typically leads to higher corporate profits, as businesses benefit from increased sales and revenue. Higher profits provide companies with more resources to invest in capital projects, research and development, and expansion.

Low Interest Rates:

Central banks often lower interest rates during periods of economic growth to stimulate borrowing and investment. Low interest rates make it cheaper for businesses to finance their investment projects.

Positive Market Sentiment:

Economic growth fosters positive market sentiment and investor confidence. Investors are more likely to invest when they believe the economy is growing and corporate profits are rising.

Government Incentives:

Governments may offer tax incentives and other forms of support to encourage investment during periods of economic growth. These incentives can further stimulate investment activity.

Increased Access to Capital:

Economic growth can lead to increased access to capital for businesses. Banks and other financial institutions are more willing to lend to businesses during periods of growth, as they perceive lower risk.

Technological Advancements:

Economic growth often leads to technological advancements and innovation. Companies invest in research and development to improve their products and processes, which can drive further economic growth.

Economic growth creates a favorable environment for investment activity. By increasing demand, generating higher profits, lowering interest rates, boosting market sentiment, and providing access to capital, economic growth encourages businesses to invest in their operations and drive economic expansion.

Microeconomic Aspects:

- **Company Fundamentals:** Investors analyze company-specific factors such as profitability, revenue growth, and debt levels to assess the risk and potential return of an investment.

- **Industry Analysis:** Understanding the industry in which a company operates, including its competitive landscape, technological advancements, and regulatory environment, is essential for informed investment decisions.

- **Management Team:** The quality and experience of a company's management team can significantly impact its investment potential.

- **Financial Analysis:** Investors use financial ratios and other metrics to evaluate a company's financial health and performance.

• Market Sentiment: Market sentiment, such as investor confidence and risk appetite, can influence investment decisions and drive asset prices.

Interplay of Macro and Micro Aspects:

Macroeconomic and microeconomic factors are interconnected and can influence each other. For example:

- Strong economic growth can lead to increased corporate profits, making microeconomic investments more attractive.
- Government policies can impact both macroeconomic conditions and microeconomic factors, such as company profitability and industry dynamics.
- Global economic events can affect both macroeconomic and microeconomic aspects of investment, such as interest rates, inflation, and company业绩.

Understanding both macro and micro aspects is essential for effective investment activity. By considering the interplay of these factors, investors can make more informed decisions, assess risks and returns, and navigate the complexities of the investment landscape.

The role and importance of foreign investments in the national economy. Currently, there are several sources of funding for investment activities in our Republic:

- Funds of enterprises and individuals.
- Financing from bank loans.
- Financing from the state budget and extrabudgetary funds.
- Foreign investments. It is known from the experience of developed countries that attracting foreign capital, especially foreign direct investment, is the most effective investment tool. It is foreign investments that serve as a driving factor of economic and technological processes in the country.
- To increase the effectiveness of the activity of attracting direct foreign investments to the economy of the republic, to inform foreign investors about the opportunities and potential of our country, and state and economic management in the field of attracting and developing foreign investments. bodies, in order to improve the coordination of activities of local executive authorities
- sale of packages of state shares (shares) in the authorized capital of chemical and oil and gas industry, economic entities in the field of machine building, banking and insurance organizations;
- development of ready-made investment proposals to attract foreign direct investments;
- extensive use of investment and business forums, presentations ("Road Show") and marketing campaigns;
- organization of priorities for the implementation of public-private partnership projects.

In order to increase investment attractiveness, foreign investors were offered promising investment projects within the framework of this decision:

The investment activity of the state arises in the process of performing the functions of the state, that is, economic, defense, protection of rights, reformation, environmental, social and others. Through investment activities, the state has a real impact on the structural reconstruction of the economy, ensures the growth of the efficiency of the national economy, the elimination of obstacles to the development of individual sectors and regions, and the preservation of the single economic region.

Centralized capital flows of the state, financed from the state budget, are allocated only to the following;

- implementation of investment projects, state target programs and interstate agreements in the priority areas of development of the economy of the republic;
- for housing construction based on housing bonds with the owner's name indicated;
- to develop the engineering infrastructure of populated areas, first of all, individually built residential areas;
- development of new lands and restoration of irrigated lands, construction of water management and development of small hydropower;
- construction of educational, healthcare, cultural and other social infrastructure facilities;
- to develop and strengthen the material and technical base of state administration bodies, law enforcement bodies, state scientific institutions;
- implementation of national nature protection measures and construction of natural disaster protection facilities.

Foreign experience Foreign experience of investment attraction and management and its implementation in our country. After gaining independence, our country has accumulated experience in investment activities for many years. He led an active policy of attracting investments to our economy. He tried to change the tactics and strategies of their management. In this article, we will consider the foreign experience of investment attraction and management.

That is, according to him, we will dwell on the investment policy of the USA, one of the leading countries of the world, the ways of attracting investments and establishing their management, regulation and control.

The American government is well aware that the introduction of foreign capital into the US economy has a significant impact not only on industry, trade and inflation, but also on the national security of the entire country. As a result:

- states and local government bodies are given independence for the economic development of their territory, private business and export of services and goods should be supported;
- attract foreign business capital and control the foreign investor accordingly;
- stimulating the growth of private economy;
- should conduct motivational actions in fiscal policy.

The last result shows that these factors have created a mutual competition between the states of the country and acted as a special impetus for the development of the law on investments in the country. In this regard, we can distinguish the following important features of attracting and managing investments in the US economy:

- as a result of the regional and national policy, a high flow of investments into the economy is ensured;
- the equal level of stimulation of capital export and import, as a result of which the country has the status of a net importer;
- abuse of high level control of foreign investments (corruption, violations of legal norms and financial-credit agreements) should not be allowed;
- openness of the market for other participants;
- development of investment legislation and tax system;
- existence of a two-level system of investment activity regulation.

It should be noted that investment management in the US is based on the principles of economic freedom and does not seriously interfere with the economic process, because this way creates an insurmountable limit. Such a goal is the main work of foreign economic activity institutes in the USA, and the government is working to expand the maximum export potential of the country

and its regions, to attract as many participants as possible in international economic activity.

According to the forecasts, the US will retain its leadership and the country's gross domestic product will reach 24.8 trillion by 2030. is a dollar. The second place is occupied by China, whose gross domestic product is 22.2 trillion. consists of dollars. India is the top three with 6.6 trillion. dollar enters with the gross domestic product. The International Monetary Fund notes that in the last 10 years, India will become the strongest country in the world in terms of production power.

Methods and analysis

For the first time in history, the flow of investments was greater in developing countries than in developed countries. 700 billion. dollar, or the increase compared to 2020 was 4%, and by the end of 2021, 56% of the world's investments were directed to countries in this group. In order to achieve these indicators, attracting foreign investments and forming effective activities in their management and improving the country's investment climate are the main factors.

Investors are strictly prohibited from investing in projects related to national security, harming the social and economic development of the country and the interests of society, and polluting the environment. For most investors, the Chinese market is large enough, and there are many opportunities for growth. Therefore, many people are investing in this market and trying to take their place in this market and earn income. According to the results of research conducted by the US-China trade commission, 88% of foreign investors and organizations that have invested in China are working profitably. 81% of them are higher than the coefficient of earning in this direction in the whole world, and 85% of the pollsters put China in the first place for the development of private business abroad.

It is known that China has great experience in this regard. After all, special economic zones are mainly used to attract investments to the Chinese economy. On the eve of celebrating the 20th anniversary of Uzbekistan's independence, five new enterprises with a total value of 14 million US dollars were opened and put into operation in the Navoiy free industrial-economic zone.

All of them are armed with modern, high-tech equipment, and the production of products that are popular in the domestic market and can easily compete in the world market has been launched. Among the foreign investors, companies from countries such as South Korea, Singapore, together with the People's Republic of China expressed their interest. They are trying to further expand cooperation with Uzbekistan.

Not only did they enter this rating, but they are on the sixteenth place. In the ranking, Brazil partially lost its positions and fell from the third place to the fifth place. The inclusion of Italy, Belgium and Denmark in this rating indicates that significant reforms are being carried out in the economy of the countries of the world. By the end of 2021, the trust index of foreign direct investors of the last three years was developed on the Internet.

To attract foreign investments and increase the investment attractiveness of Uzbekistan. Over the past few years, Uzbekistan has undergone rapid economic transformation and is increasingly seen in the international community as a symbol of openness, renewal and determination to overcome various barriers to business and investment.

In this context, it is important to emphasize the role of the Council of Foreign Investors under the President of the Republic of Uzbekistan, which was established with the support of the European Bank for Reconstruction and Development and provides direct communication with investors operating in the Republic.

The development of the International Arbitration Institute is also actively supported. In turn, this ensures the rule of law, which is an important and systemic component of the country's investment environment, and the proper fulfillment of obligations to state and local investors. At the same time, the world practice and experience show that it is no longer possible to solve the problems that hinder

the investment and innovation activities of business by simple means, i.e. by giving incentives or publishing new declarative norms. Liberalization of business activities is required to activate private investments.

Summary. It is necessary to work diligently to identify and overcome obstacles that prevent the development of certain sectors, constant dialogue with business. In this regard, active work is being carried out in the following directions.

First of all, in order to maintain high and stable rates of economic growth, it is necessary to create a stable and competitive model of the country's economy, in which most of the assets of the banking system are in the hands of private investors.

Secondly, in order to increase investment attractiveness and ensure the rapid growth of infrastructure investments, which are one of the main factors of sustainable economic growth, investment activities are being actively promoted through the development of public-private partnerships and project financing tools.

Thirdly, relations between investors and the state are being optimized in order to completely eliminate bureaucratic obstacles and restrictions in the implementation of investment projects through digitization and remote provision of public services. In order to ensure maximum transparency and prevent corruption, the quality of organization of work with appeals and requests of foreign investors is improving.

Fourth, there is a reduction in transaction costs that lead to the flow of labor and capital from the legitimate sectors of the economy to the underground economy.

Fifth, an investment policy strategy focused on the most promising sectors of Uzbekistan, which can become a point of technological progress and create a basis for the development of the country's production capacity in the next 20-30 years, is being developed. Given that the investment environment affects all spheres of activity in the country, the scope of reforms covered economic, institutional, education, health, agriculture, water supply, energy, transport and other areas.

Also, great attention is paid to practical support of entrepreneurs and investment project initiators. The most striking example in this direction is the activity of the Government Commission on export and investment development issues created in 2020, whose tasks include close cooperation with entrepreneurs and exporters, analysis of problems related to restrictions caused by the pandemic, also includes the development and implementation of quick and effective solutions based on an individual approach to solving the problems of each business entity.

Conclusion

Understanding both macro and micro aspects is essential for effective investment activity. By considering the interplay of these factors, investors can make more informed decisions, assess risks and returns, and navigate the complexities of the investment landscape.

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