

# THE ROLE OF INVESTMENT IN THE DEVELOPMENT OF THE NATIONAL ECONOMY OF OUR COUNTRY

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## Abstract:

Investment plays a pivotal role in driving the economic growth and prosperity of a nation. Here are some key ways in which investment contributes to national economic development.

**Key words:** capital formation, Infrastructure Development, Human Capital Development

### Introduction

Investment in new machinery, equipment, and infrastructure creates capital and increases the productive capacity of the economy. This enhances efficiency, productivity, and overall output. Investment in businesses and industries leads to job creation and reduces unemployment. As companies expand and new ventures emerge, they require skilled and unskilled workers, boosting employment levels.

**Innovation and Technological Advancement.** Investment in research and development promotes innovation and technological advancements. New technologies and products enhance competitiveness, productivity, and efficiency, leading to economic growth.

**Infrastructure Development.** Investments in infrastructure such as transportation systems, power plants, and communication networks improve connectivity and access to essential services. This facilitates trade, reduces transportation costs, and attracts foreign investment. **Human Capital Development.** Investment in education, healthcare, and training programs improves the quality of the workforce and increases productivity. A skilled and educated workforce is crucial for sustained economic growth.

**Increased Consumption.** Investment creates wealth and increases household incomes, leading

to increased consumption and demand for goods and services. This stimulates economic activity and supports job creation.

**Fiscal Sustainability.** Investment in infrastructure and human capital can reduce government spending on social welfare programs in the long run, improving fiscal sustainability and freeing up funds for other developmental initiatives.

**Foreign Direct Investment.** Attracting foreign direct investment (FDI) brings in capital, expertise, and technology that can boost economic growth, create jobs, and enhance competitiveness. **Export Promotion:** Investment in export-oriented industries increases the country's competitiveness in international markets and earns foreign currency, which supports economic development. **Balanced and Sustainable Growth.** Investment should be directed towards both private sector development and public infrastructure to achieve balanced and sustainable economic growth. This ensures that the benefits of investment are widely distributed and contribute to overall societal well-being.

Investment is a vital engine of economic growth and development. By creating capital, jobs, and promoting innovation, investment enhances productivity, increases consumption, and improves the quality of life for citizens. A well-developed investment strategy is essential for nations to achieve sustainable and inclusive economic development.

One of the most important factors of sustainable development of the national economy is investment in its various sectors and industries. The study of investment problems has always been in the focus of economic science, because investments determine the general economic growth process of the country and cover the most basic foundations of enterprise activity. In the republic, much attention is paid to the implementation of an active investment policy focused on the modernization of the existing production, technical and technological re-equipment and the creation of new, modern, high-tech production. It is necessary to consistently continue the active investment policy for the rapid development of the economy.

#### Balanced and Sustainable Growth

Balanced and sustainable growth refers to a pattern of economic development that considers both short-term and long-term objectives, as well as the distribution of benefits across different sectors and regions of an economy. It aims to achieve economic growth while preserving environmental integrity and social equity.

#### Key Principles of Balanced and Sustainable Growth:

- **Economic Growth:** The economy should grow at a steady and sustainable pace, avoiding boom-and-bust cycles.
- **Job Creation:** Economic growth should lead to the creation of quality jobs and reduce unemployment.
- **Income Distribution:** The benefits of economic growth should be equitably distributed across different income groups and regions.
- **Environmental Sustainability:** Economic activities should minimize environmental degradation and promote resource conservation.
- **Social Equity:** Economic growth should improve the well-being of all citizens, regardless of their background or location.

#### Strategies for Achieving Balanced and Sustainable Growth:

- **Investment in Infrastructure:** Investing in transportation, energy, and communication infrastructure supports economic growth and improves the quality of life.
- **Human Capital Development:** Investing in education, healthcare, and skills training enhances the productivity and earning potential of the workforce.
- **Diversification of the Economy:** Reducing dependence on a single industry or sector makes

the economy more resilient to external shocks.

- **Environmental Regulations:** Implementing regulations and incentives to promote sustainable practices and reduce pollution.
- **Social Protection Programs:** Providing safety nets and social services to protect vulnerable populations and ensure equitable access to opportunities.
- **Balanced Regional Development:** Directing investment towards underdeveloped regions to reduce income disparities and improve overall economic growth.

Benefits of Balanced and Sustainable Growth:

- **Long-Term Economic Stability:** Avoids economic overheating and minimizes the risk of financial crises.
- **Improved Quality of Life:** Enhances the well-being of citizens through job creation, income growth, and access to essential services.
- **Environmental Preservation:** Protects natural resources, reduces pollution, and mitigates climate change.
- **Social Cohesion:** Reduces income inequality and promotes social mobility, leading to a more stable and harmonious society.
- **International Competitiveness:** A balanced and sustainable economy is more attractive to foreign investment and trade partners.

Balanced and sustainable growth is essential for the long-term prosperity and well-being of a nation. By pursuing policies that promote economic growth, job creation, income distribution, environmental sustainability, and social equity, countries can achieve a virtuous cycle of development that benefits all citizens and ensures a brighter future for generations to come.

In the development strategy of the new Uzbekistan, it is required to carry out an effective investment policy to increase the country's international competitiveness. In this, first of all, scientific research is being carried out on the introduction of innovative technologies, modernization of production and ensuring the competitiveness of industrial production sectors, attracting investments to the technological reproduction of the main capital, and developing entrepreneurship. Special attention is being paid to macroeconomic issues of improving investment mechanisms in Uzbekistan, in this regard, to further improve the investment environment in the country and increase its attractiveness, mobilize to take measures to attract 120 billion US dollars, including 70 billion US dollars, of foreign investments in the next five years. special attention is paid to The importance of ensuring economic growth on the basis of the consistent and effective performance of these tasks is significantly increasing on the basis of the formation of an investment strategy and the improvement of the mechanism of its implementation.

One of the main directions of this policy may be the timely coordination of tools in accordance with the constantly changing and increasingly market-oriented structure of economic relations between market entities, as well as between these entities and the state. The formation and development of the Uzbek financial market is followed by the gradual formation of the market infrastructure to serve the participants of the investment market. In this case, the creation of the institutional foundations of providing services to market participants provided an opportunity to form market relations through financial-credit, insurance operations on a commercial basis.

In the conditions of economic modernization, management and development of investment activity has become one of the urgent issues. Technical and economic modernization of the economy requires further development of priority sectors of industry, increase of production efficiency, increase of competitive goods that meet the requirements of foreign and domestic markets and creation of new ones. Determining specific investment directions, making scientifically based

investment decisions, and finding internal and external financial sources based on rational regulation of investment activities have become a condition for economic growth .

Regulation of investment activity by the state, implementation of the investment policy that ensures the fulfillment of the state tasks of socio-economic development of the Republic of Uzbekistan and its territories, increasing the efficiency of investments, is a safe condition for investments in various investment objects in the territory of the Republic of Uzbekistan. - it is carried out by state administration bodies and local state authorities in order to ensure the conditions.

State regulation of investment activities is carried out through. The achieved macroeconomic stability in the country, the deepening of economic and institutional reforms, and the improvement of the investment climate caused a significant increase in investment activity in the national economy and an increase in the volume of investments in fixed capital compared to 2021.

Active investment policy is the most effective means of structural restructuring of the industry. In Uzbekistan's investment strategy, investment projects aimed at creating new high-tech developments that provide advanced technology and deep redevelopment of our raw resources, increase the country's export potential, and create new jobs are considered preferable.

One of the priority directions of market reforms is the development of the investment process in industrial sectors aimed at the priority directions of modernization of the national economy and increasing its competitiveness.

The following main directions of formation of an attractive investment environment in the republic can be indicated:

The consistent path of the Republic of Uzbekistan towards expropriation and privatization of property, the formation of the securities market, the development of small business and private entrepreneurship creates real conditions for the activation of the process of attracting direct and portfolio investments to the country's economy.

In addition, significant changes are being observed in the general composition of investments by sources of financing, that is, the state is moving away from the role of the main investor, and there are ample opportunities for private investments to increase.

The main source of financing of investments in fixed capital in industrial sectors is the company's own funds.

The analysis of investment activity helps to identify not only the problems of investment attractiveness of business premises, but also to determine the effectiveness of the involved investments and, based on it, to develop scientifically based recommendations on their practical use in the future, which, in turn, helps to develop the investment process and creates ample opportunities for creating an economic mechanism for its implementation.

Therefore, one of the main directions of the economic reforms implemented in our republic is the development of an attractive investment policy. Creating attractive conditions for investment activities includes the following closely related areas of government activity:

Thus, modernization of the economy of our country, rational use of production capacity and, based on this, increasing the efficiency and competitiveness of industrial production are one of the main conditions for ensuring the stability of the national economy, development of investment activities, domestic and foreign investment resources that are introduced into the real sector of the economy. it is necessary to significantly expand the scope of investments.

### **Conclusion**

Investment is a vital engine of economic growth and development. By creating capital, jobs, and promoting innovation, investment enhances productivity, increases consumption, and improves the quality of life for citizens. A well-developed investment strategy is essential for nations to achieve

sustainable and inclusive economic development.

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