

## THE ROLE AND IMPORTANCE OF INVESTMENT POLICY IN ENSURING COMPETITIVENESS IN INTERNATIONAL MARKETS

Khudoyarov Anvar Aidjanovich

Associate Professor of the Department of Islamic Economics and Finance,  
Pilgrimage Tourism, International Academy of Islamic Studies of Uzbekistan,

Candidate of Economic Sciences

[nvarkhudoyarov111@gmail.com](mailto:nvarkhudoyarov111@gmail.com)

### Abstract

According to international economic experience, the level of development of a country, that is, the development and economic growth of the economy, largely depends on the investment processes in the country. This is especially evident today, when the further development of any country depends on the effective and targeted attraction of investments.

### Introduction

As we all know, reforms and modernization are associated with the improvement of a number of relevant legal, economic, and organizational mechanisms. Therefore, in the establishment of a new economic system and relations, all sectors will be supported by the government to the necessary extent, which in turn will guarantee the effectiveness of the reforms being carried out. In particular, the Decree of the President of the Republic of Uzbekistan No. PF-14 dated January 25, 2023 "On priority organizational measures to effectively organize the activities of the executive authorities of the republic" serves economic and social stability.<sup>1</sup>

The gradual implementation of economic reforms and modernization in our country and the support and regulation of these processes by the state will allow our country to take its place among the leading countries.

Investment is a financial source of reproduction, the quality of economic growth, a factor determining the development of the system of productive forces and economic relations. Investment ensures the implementation of the achievements of scientific and technical progress and the process of socio-economic development. It is also a necessary condition for the continuous improvement of the standard of living and quality of life of the population.

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<sup>1</sup> Uzbekistan Republic President's Decree No. PF-111 dated 21.07.2023 .

There are different opinions among economists about the economic meaning of investments. The term "investment" is interpreted differently in economic literature by foreign and domestic authors, as well as in legislative documents.

Thus, "investment" means all types of property, financial and intellectual assets invested by investors in various sectors and other areas of the economy within the framework of the law in order to obtain future income (profit) or achieve social benefits. In other words, investment is the introduction into circulation of material, financial and intangible assets of various forms of ownership for the purpose of obtaining economic and social income.

The concept of investment is too broad to be given a single and complete definition. The content of investment in different parts of economic science and in different areas of practical activity has its own characteristics.

In macroeconomics, investment is a part of total expenditure, which consists of expenditures on new equipment, housing, and the growth of fixed assets. Investment is the part of GDP that is not consumed in the current period and that provides capital growth in the economy.

In production theory and macroeconomics in general, investment is the process of creating new capital (including the means of production and human capital). In financial theory, investment is understood as the acquisition of real or financial assets, that is, today's expenses are considered to be the purpose of obtaining income in the future.

In other words, investments are the exchange of a certain value for a future value that may be less certain.

At present, investments should not be viewed as "optional" investments that will be made regardless of whether the company's activities are implemented or not. Failure to implement investment activities leads to losses in competitive conditions. For this reason, all possible investments can be divided into two groups:

- passive investments, that is, investments that ensure that the company's profitability indicators do not deteriorate at all due to the modernization of old technology, training of new employees, and so on;
- active investments, that is, investments that ensure the company's competitiveness through the application of new technology, the organization of the development of demanding goods, and the capture of new markets.

Investments are made in various forms and are grouped according to their specific characteristics for analysis and planning.

Like other economic categories, investments can also be divided into a number of groups.

Inward investment typically comes from multinational corporations investing in foreign markets to expand their presence or to meet specific needs of the local economy. This can be in the form of new demand for a product or rapid regional development.

A common type of foreign investment is direct foreign investment (FDI). This occurs when a company buys another business or opens new operations for an existing business in a country other than its own.

Domestic or direct foreign investment often leads to large-scale mergers and acquisitions. Rather than creating new businesses, domestic investment often occurs when a foreign company buys or merges with an existing company. Domestic investment helps companies grow and opens up opportunities for international integration.

Macroeconomic stability in the strategic context of the Republic of Uzbekistan

Ensuring the quality of balanced regional socio-economic growth is of great importance in ensuring the quality of balanced economic growth.<sup>2</sup>

The current asymmetric disparities in regional socio-economic development require the implementation of an active regional investment policy aimed at the effective use of existing economic and resource potential and the revitalization of economic development in relatively underdeveloped regions. In this regard, it is necessary to deepen reforms to further stimulate investment activity based on the correct assessment and management of regional financial and investment potential.

The state's investment policy is a set of goals and measures aimed at ensuring the necessary level and structure of capital investments in the country's economy and its individual sectors, increasing the investment activity of the population, entrepreneurs, and the state, as well as the main agents of productive activity. Simply put, investment policy is the state's activities aimed at finding sources of investment and identifying areas for their effective use.

The objectives of the state investment policy are as follows:<sup>3</sup>

- ensuring structural restructuring of the economy;
- promoting entrepreneurship and private investment;
- organization of additional jobs;
- attracting investment resources from various sources, including foreign investments;
- encouraging the establishment of non-governmental structures to accumulate savings from the population for investment purposes;
- organization of legal conditions and guarantees for the development of mortgage loans;
- development of leasing in investment activities;
- support and encouragement of small businesses;
- improving the system of privileges and sanctions in implementing the investment process;
- creating conditions for the emergence and development of venture investment.

The development of investment activity in the economy, the scale, directions and efficiency of attracting domestic and foreign investments, directly depend on the investment environment. For this reason, scientific debates between various economists and their unique approaches to studying, clarifying, and justifying the fundamental essence of this

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<sup>2</sup> Zoyirov LS, Asamkhodjayeva Sh.Sh., Yunusova SB Investment., textbook. – T.: “Economics-Finance”, 2019, P. 13.

<sup>3</sup> Sobirov A. Improving the mechanisms of state regulation of investment attraction in the economy of the Republic of Uzbekistan. Dissertation work for the degree of Doctor of Philosophy. – T., 2009.

economic term continue to this day, which, in turn, attracts the attention of those with deeper knowledge of investments.

Knowledge of the factors influencing investment activity is of scientific and practical importance, and is, first of all, important for activating the investment process in the country and developing a scientifically based investment policy. All factors influencing investment activity can be divided into two large groups based on their sphere of influence.<sup>4</sup> Looking at the list of these factors, many of them are interconnected and affect not only investment activity, but also the entire economic situation of the country.

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All factors affecting investment activity can be divided into two groups:

- positive factors that have a positive impact on investment activity;
- negative factors that negatively affect investment activity.

Depending on their occurrence, all factors affecting investment activity can be divided into the following groups:

a) objective, that is, factors whose occurrence is not related to human activity, for example, related to natural phenomena:

b) subjective, that is, factors whose influence and origin are related to human activity.

All of these factors affect not only investment activity at the macro level, but also impact on both investment attractiveness and investment performance does.

Investment activity in the regions of Uzbekistan is important for the formation of the entire national economy. As confirmation of this statement, the government envisages the implementation of a regional investment policy as a necessary condition for sustainable economic growth in the republic. As a result of the economic reforms implemented in Uzbekistan in recent years, the potential of regions as territorial economic units has significantly increased.

As everyone knows, an important condition for the stability and economic independence of every country is the ability of individual regions and the country as a whole to quickly adapt to changes in internal and external conjunctures.

With this together, investment of the policy territorial change importance of the economy innovative development with related to. Regions potential much high was Uzbekistan

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<sup>4</sup>Ochilov B., Hoshimov J., Butayev J. Investment attractiveness of the country in attracting foreign investment to the economy: theory and practice, monograph. – T.: Ilm-ma'rifat, 2024. P. 164.

under the circumstances innovation activity develop noticeable to be economically efficient possible .

The reforms being implemented in our country to create a stable and efficient economy are already showing their positive results. In particular, significant achievements are being made in a short period of time in implementing deep structural changes in the economy, ensuring growth in incomes, strengthening effective foreign trade and investment processes, reforming agriculture, sustainably developing small business and private entrepreneurship, and strengthening banking and financial activities.

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