



THE IMPORTANCE OF ATTRACTING FOREIGN INVESTMENTS IN THE DEVELOPMENT OF THE SMALL BUSINESS SECTOR

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Article history:	Abstract:
Received: 11 th November 2023 Accepted: 10 th December 2023 Published: 20 th January 2024	<i>In the social and economic development of the country, the Tax Code of the Republic of Uzbekistan has introduced permanent and fixed benefits for small business entities, as well as by special decisions of the Government. Enterprises with participation of foreign investments have the right to use these privileges in accordance with the laws, like local enterprises.</i>
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INTRODUCTION

Development of small business and entrepreneurship in the country is the most important way to increase the well-being of the population and reduce the unemployment rate in the country. The development of entrepreneurship largely depends on the volume of investments entering the country. The more foreign investments enter the country's economy, the more small business and entrepreneurship will develop in the country. Major reforms in this field are being implemented in our country. Investments have been selected as an important factor of economic development, and directions of economic development have been determined by attracting investment. This is determined received directions _ based on very big positive affairs to practice app is being done.

In accordance with the decree of the President of the Republic of Uzbekistan No. PF-193 of November 10, 2023 "On measures to improve the system of financial support for small and medium-sized businesses", "In recent years in our country Systematic work is being carried out to create a "continuous chain" of comprehensive support for the development of entrepreneurship. At the same time, instruments for supporting medium-sized businesses, which are a link of the economy based on new technologies and innovations, producing high-quality and competitive products, remain insufficiently created. Financing of business projects in the conditions where high interest rates of resources are maintained in the financial market new and alternative instruments to create , in particular entrepreneurship projects share input and services mortgage current guarantee _ _ help the need to expand the provision is increasing. The current organizational and legal form of the State Fund for the Support of Entrepreneurial Activities (hereinafter - the

Fund), which is one of the main links in the system of financial support for business, provides sufficient support to business entities. "It does not provide an opportunity to provide, introduce new types of services, attract direct funds from international financial institutions" [1].

The decision of the President of November 15 of this year "On additional measures to widely involve the population in small and medium-sized businesses" provides financial and consultative support for their business initiatives by training the population and business entities. created favorable conditions for establishing a support system and expanding activities based on the "family entrepreneur - micro business - small business - medium business" chain. It is known that small and medium-sized business entities are the main means of innovation and creation of new jobs. of the economy competitiveness increase , other networks development for comfortable environment to create help will give . That is why in our country small and medium _ business support of our country main of duties to one turned. This is it the document is here so there is a great to goals directed with important it has been. In particular, small and medium _ business projects state programs within the framework of " Business development bank" shareholding commerce bank " Entrepreneurship development company" shareholding society and another partner commerce from banks consists of whole financial system based on is supported. Entrepreneurship training, financing of small and medium-sized business projects, and constant support at all stages of business processes "Small Business Support Center" limited liability company, "Entrepreneurship Development Company" joint-stock company, as well as authorized



bodies and commercial banks is carried out on electronic platforms in the field of entrepreneurship [2].

LITERATURE REVIEW

The general definition of foreign investment is given in the 2nd edition of the foreign trade dictionary published in the USA in 1947 by F. Henius as follows: "Foreign investment is investment made from the territory of one country to the territory of another country." [3].

In the theoretical views of Professor DG'ozibekov on foreign investments, the following points are stated: "Foreign investment is the tying of the capital of one economic entity to another economy for a certain period. characterized by changes in conditions, investment climate, and as a result capital migration across countries and regions." [4]

From these points, it can be concluded that foreign investments are capital that is transferred from the economy of one country to the economy of another country , and it differs from domestic investments by the scope of risks. Also, in the scientific works of N. Koziyeva, Doctor of Economics, on the nature of foreign investments: "In order to gain profit in the future, capital exporting countries, legal entities and individuals transfer various forms of wealth (movable, investment of real estate, intellectual property, etc.) and income from them (profits, interest, dividends, license and commission fees, royalties, technical support and other fees) is called foreign investment" [5] definition is provided.

According to the scientist, the classification of foreign investments based on their various characteristics will further clarify their economic nature. Sh.Q. Fozilchayev and NG'. Khidirov's book "Fundamentals of Investment and Leasing" defines foreign investment as follows: "Foreign investment is all the property, financial, intellectual property, which is mobilized by foreign investors to the economic, entrepreneurial and other activities of another country in order to obtain a high level of income and efficiency. are riches" [6].

RESEARCH METHODOLOGY

Statistical tables and graphs, induction and deduction, statistical grouping, expert evaluation, scientific abstraction, analysis and synthesis in the research

process of statistical analysis of the impact of small business and private entrepreneurship on the economy and development of the country and adaptation of statistical data to international standards, various statistical analysis methods such as dynamic series and economic indices were widely used.

ANALYSIS AND RESULTS

Today, a number of benefits have been granted by the President's separate decrees and decisions regarding the implementation of measures aimed at attracting foreign investors to the economy.

In particular, the President's Decree No. PF-3594 dated April 11, 2005 "On additional measures to encourage direct private foreign investment" was adopted.

According to this Decree , enterprises of economic sectors that attract private foreign direct investment are subject to profit tax, property tax, beautification and social infrastructure development tax, micro-firm and small single tax payment for enterprises, as well as tax benefits in the form of exemption from mandatory contributions to the Republican Road Fund.

The task of the tax policy is to ensure stable mobilization of the budget income, on the one hand, and to encourage enterprises to increase production of products necessary for the republic, on the other hand. In order to strengthen the promotion of attracting foreign investments and modern technologies to the republic's regions, to further strengthen the system of guarantees and benefits for foreign investors and enterprises with foreign investments, the President of the Republic of Uzbekistan dated April 10, 2012 "Direct Decree No. PF-4434 "On additional measures to encourage the attraction of foreign investments" was adopted.

Investments are the creation of new enterprises inside and outside the country, expansion, renovation and technical rearmament of existing enterprises, real estate, stocks, are financial funds, property and intellectual assets directed to the purchase of bonds and other securities and assets. Investors are subjects of investment activity who decide to spend private and borrowed property and intellectual values.

Table 1
Main to capital mastered investments (billion.soum)

Areas	2017	2018	2019	2020	2021	2022	2022 to 2017 _ relatively change	
							(+ ; -)	(%)
Uzbekistan Republic	72155.2	124231.3	195927.3	210195.1	239552.6	266240.0	194084.8	369.0

Karakalpakstan Republic	2822.0	6757.8	8750.6	7089.8	8110.7	10254.0	7432.0	363.4
Andijan	2986.0	4711.9	7452.1	9622.6	11176.6	14339.8	11353.8	480.2
Bukhara	11613.4	9610.9	10366.6	12183.9	20528.3	21638.3	10024.9	186.3
Jizzakh	1788.2	3606.3	7900.9	12545.4	9233.6	10373.9	8585.7	580.1
Kashkadarya	11175.3	16518.5	24462.5	20557.6	17359.1	16012.8	4837.5	143.3
Navoi	3977.9	10579.5	17646.3	15688.4	15020.1	17958.1	13980.2	451.4
Namangan	3586.7	8158.1	12084.9	12007.2	12982.0	14775.1	11188.4	411.9
Samarkand	4384.2	7061.4	10266.7	14656.4	15641.6	18917.1	14532.9	431.5
Surkhandarya	3551.0	7240.6	11835.1	10068.2	12037.8	11569.4	8018.4	325.8
Syr Darya	1628.0	2699.3	5869.1	7191.9	8051.8	12354.6	10726.6	758.9
Tashkent	5938.4	11226.9	20353.9	21148.6	28113.6	35767.7	29829.3	602.3
Ferghana	2954.5	5539.1	8685.4	11040.0	12625.2	15419.3	12464.8	521.9
Khorezm	2175.9	3013.8	5032.0	5391.8	8292.0	8769.7	6593.8	403.0
Tashkent sh .	13573.7	26435.7	42458.1	50371.3	58172.7	56847.9	43274.2	418.8

Source: It was compiled based on the data of the Statistical Agency under the President of the Republic of Uzbekistan.

Above table from the data apparently _ _ as it is last in years in our republic done being increased reforms as a result in our republic foreign capitalization of investments _ indicators _ _ one how many equal to increased let 's see possible will be Investors objects and investment to the results ownership to make , to use and disposition to do to the right have _ Investors creditors and buyers role performance as well as investment of activity another participants functions perform can _ Straight away foreign investments work release of financing main source to be with together , new technologies , technical and management know-how through a person capital development is acceptable method is considered Many _ developing countries while in enterprises capital , technology , modern management , technique and qualified work resources

enough it's not and this country economy straight away foreign investments attraction of reaching necessary that shows "[7].

A total of 226.6 trillion in January-September 2023. Sums of investments in the fixed capital were absorbed and amounted to 111.8% compared to the corresponding period of 2022. 62.0% or 140.5 trillion in the structure of investments in fixed capital. 38.0% or 86.1 trillion soums of investments were financed from the funds raised, from the own funds of the enterprise, organization and population. Soum was financed. Also, the volume of investments in fixed capital due to centralized financing sources is 29.6 trillion. amounted to 197.0 trillion soums from decentralized sources of financing. Soum investments were absorbed.



Figure 1. Main to capital investments composition .

In January-September 2023, investments in the main capital financed from the own funds of enterprises and organizations - 62.8 trillion. soums or 27.7% of the total fixed capital investments. 10.3% or 23.3 trillion of total fixed capital investments at the expense of population funds. sum was absorbed. The volume of investments absorbed at the expense of foreign direct investments is 43.6 trillion. amounted to soums, and its share in total investments increased by 4.5 percentage points compared to the corresponding period of 2022 and amounted to 19.2%.

Also, 19.1 trillion from commercial bank loans and other debt funds. soums (making up 8.4% of total fixed capital investments, an increase of 0.9% points compared to the corresponding period of 2022), foreign loans under the guarantee of the Republic of Uzbekistan amount to 12.5 trillion. soums (increased by 5.5% and 0.5% points), unsecured and other foreign investments and loans 48.3 trillion. soums (decrease by 21.3% and

3.1% points), Recovery and Development Fund 0.7 trillion. soums (decreased by 0.3% and 0.2% points), the budget of the Republic is 15.1 trillion. soums (decrease by 6.7% and 1.3% points), 1.2 trillion by the Fund for the Development of Water Supply and Sewerage Systems. In the amount of soums (0.6% and decreased by 0.4% points), investments in fixed capital were absorbed.

100.6 trillion in machinery, equipment and inventories in the technological structure of fixed capital investments in the Republic of Uzbekistan. Soum investments were absorbed and made up 44.4% of total investments, 105.8 trillion in construction and assembly works. soums (the share of total investments is 46.7%) and 20.2 trillion for other expenses. soums (8.9%) were absorbed. The highest indicator of the share of construction and installation works in the volume of investments in total fixed capital was observed in Andijan region - 65.7% or 8.0 trillion. soum.

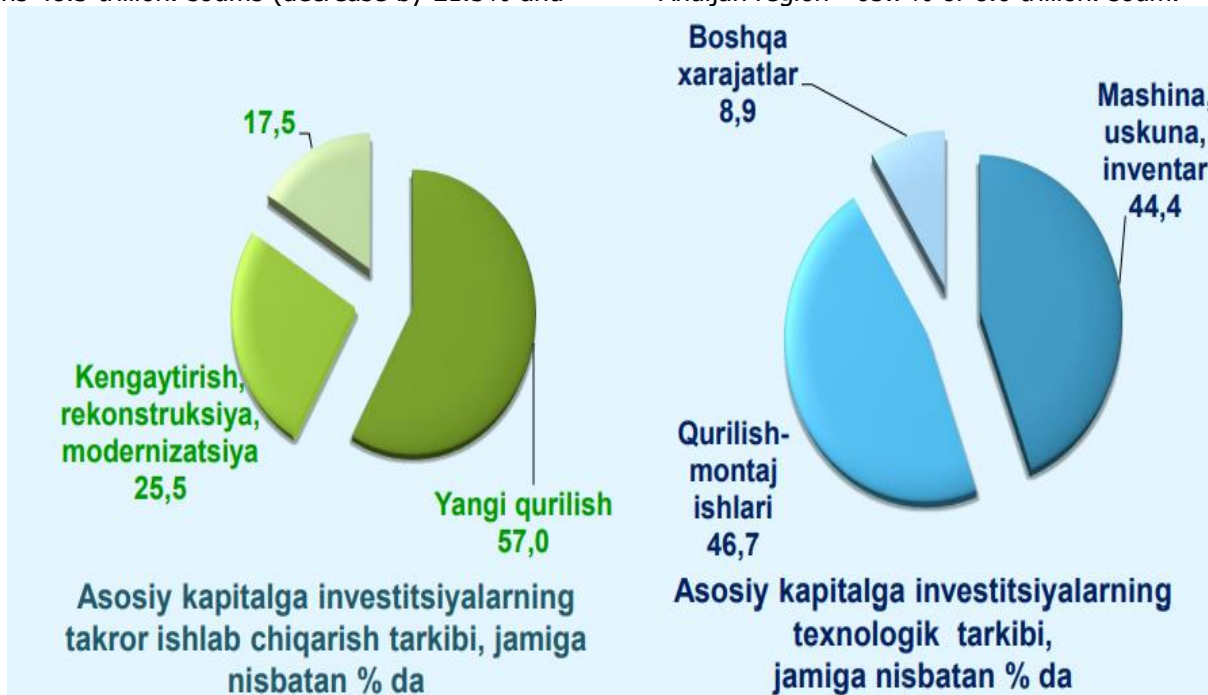


Figure 2. Investments in fixed capital – a set of expenses directed to the purchase and reproduction of new fixed assets.

The lowest level in terms of the share of construction and assembly works was observed in Syrdarya region, 21.3% or 1.9 trillion. amounted to soum. Also, in Syrdarya region, the highest rate of expenditure on machinery, equipment and inventory is 67.6% or 6.2 trillion. amounted to soum.

Suitable, decentralized _ financing sources 65165.2 bln _ soum or total 76.8% of investments mastered _ past

of the year suitable period to the indicator by 8.1 % points increased .

Saying should be in the region foreign investors for being created wide prospects and opportunities and sure statement done development priorities leader transnational companies and of corporations own investments take to enter high level aspiration provides . Research being carried out period new high technology



the work places Create and population income level of raising reliable to the source has become foreign investments volume increased is going

SUMMARY AND RESULTS

Straight away foreign investments country economy for not only the world capital to the market output , perhaps in it goods and services in trade to attend expand the possibility necessary _ " Straight away foreign from investments benefit and his himself three group to factors dependent , ie international work to issue entering of the firm property ownership from doing surface coming comparative advantages transnational of the corporation which in the area work release organize that it will determiner territorial location factors , transnational of corporations another to firms license sell or they are with franchise contract from making according to straight away foreign investments input ok what they see founder internationalization factors in the OLI model this three group advantages complete use opportunity international capital movement from the forms only straight away foreign investments method existence based on gives "[8].

Summary by doing to say investment in the process participant sides mutually each other about complete and reliable data with provide ; foreign investors, in particular, to reduce the tax burden and simplify the tax system for investors; improvement of the system of implementation of mutually beneficial projects with foreign economic entities and establishment of free investment economic zones with them; systematic development of industry by attracting investors to places with existing infrastructure and favorable development; establishment of state support funds for foreign investors based on foreign experience; It is desirable to improve the automated information system and software for small business enterprises with participation of foreign investments in Uzbekistan.

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