



IMPROVEMENT AND REGULATION OF THE MECHANISM OF ATTRACTING DIRECT INVESTMENTS TO SMALL BUSINESS ACTIVITIES

Saribaeva Azadajan Baratbaevna

Namangan Institute of Engineering Technology

Assistant of the Department of Management

saribaevaozoda74@gmail.com

ABSTRACT

The importance of attracting foreign investment to small business activity is increasing and has a great impact on the increase in the efficiency of their use. The article identifies ways to increase the efficiency of attracting direct investments to small business activities.

Key words

Investment, efficiency, economic efficiency, investor, income, profit, investment activity, small business, credit.

Analysis of investment processes and organization of investment activities in economically developed countries and countries with economies in transition are based on reasonable state economic policy. In the regulation of investment sectors and objects in the Republic of Uzbekistan: tax regulation of investment activity, regulation of investment activity by providing financial support and conducting appropriate credit policy, regulation of investors' participation in privatization, ensuring investment protection, regulation of investment conditions outside the state, population regulation of the conditions for attracting internal funds, development and implementation of an effective state innovation policy. The effectiveness of foreign investments depends on the rationality of the used forms and methods of regulation, in particular:

1) introduction of the state system of attracting state funds, which includes the following main components:

- the state postal deposit system should provide the highest guarantee against bankruptcy;

- the interest payment rate should be slightly higher than the market average;

- the system should be wide enough to reach almost the smallest settlement;

- collected deposits must be deposited in a special account number of a certain state body;

- investments should be made on the basis of credit and have a long-term nature;



2) implementation of a tax policy that encourages enterprises to invest and contributes to the full filling of the budget when the amount of profit increases in the next period;

3) sector-oriented capital creates centers of economic revitalization and related industries in its gravitational orbit, ensures the payment of wages and taxes, as a result, increases the solvency of the population and budget organizations, imposes demands on related and service industries that contribute to the development of new innovations;

4) Creation of an information-analytical support system for the decision-making process on management, planning and regulation of investment activities in the Republic of Uzbekistan. This, in turn, makes it possible to obtain dynamic information about the state and structure of the investment market, partially or fully structure models of problematic situations and their more effective solution, and to adjust the investment policy in order to optimize the parameters of the investment market.

Most of the measures of state regulation of foreign investments are carried out with the help of legal forms. Therefore, the improvement of the system and principles of legal regulation of foreign investments is a decisive factor in revitalizing the flow of non-resident capital. In order to encourage the attraction of foreign direct investments and eliminate negative trends in the country's economy, the main provisions of the legislation on the conditions for attracting foreign investments should not only meet international standards, but also be implemented.

A foreign investor sees the Republic of Uzbekistan as a stable and predictable country, that is, its economy depends on a constantly modernizing structure with macroeconomic stability, not only low inflation rates, but also consistent development, including stable production growth rates, solvency demand, as well as economic stability. should accept as a country. Along with the improvement of legislation on foreign investments, it is necessary to develop other factors of the mechanism of attraction of direct foreign investments. In particular:

- ensuring the stability of the political environment;
- improvement and stability of tax, monetary and customs policy;
- maximum simplification of procedures regulating relations between the state and entrepreneurs in the field of attracting foreign investments;

- creation of guarantees of stability of conditions to ensure long-term financing of investment projects. In addition, based on the fact that effective innovative technological changes are the main factor of long-term socio-economic development, the national innovation system, which is a set of institutional, legal and economic measures aimed at stimulating innovative technological changes in



all developed countries, should also be implemented in our country with additional national strategic advantages and existing domestic and it is necessary to create a system of ensuring effective international competitiveness in foreign markets. Based on this, in order to stimulate the attraction of domestic and foreign investments in the scientific, technical and innovative fields:

1) creation of a system of preferential refinancing of commercial banks in the event that they grant preferential loans for the implementation of investment projects for the development and introduction of high-tech equipment and other innovative products;

2) expanding the practice of preferential lending by pledging the property of business entities;

3) creation of equity investment funds for the implementation of large innovative projects;

4) it is desirable to expand the forms of lending to innovative enterprises through leasing, factoring and other operations. According to world practice, the most effective way to attract foreign investment to support innovative activities is to establish permanent ties with venture capital companies in foreign countries.

In order to further activate investment processes in special free and small economic zones and regions with a special regime for investment activities, the following should be provided:

- development and implementation of strategic and current programs for the development of each special and small economic zone and the territory where a separate regime of investment activity has been introduced;

- to stimulate investments in the priority sectors of the economy, to introduce the latest technologies and to support the production of competitive products in the foreign market, in which state support in eliminating the depressed state of certain regions should be implemented on the basis of the following set of measures:

- to support the organization of new productions, the introduction of new technological processes and the creation of ecologically safe conditions for the life of the population;

- ensuring the structural reconstruction of the national economy and the development of regions, attracting investments to the necessary types of economic activity;

- attracting investments in the production sector by developing production and social infrastructure and creating new jobs;

- introduction of measures for the development of small business and increase of population employment by the executive power and local self-government bodies;



- targeted financing of population retraining and vocational education programs and solving socio-economic problems of some regions,
- attraction of international technical assistance for training and retraining of specialists on investment activities and entrepreneurship development issues;
- development of proposals for the introduction of a preferential tax regime for the profit obtained from the implementation of the investment project. It is necessary to create and develop investment project monitoring groups, strengthen strong production complexes, and form large economic systems. On their basis, the development of new investment mechanisms that ensure self-financing and reduce the burden on the state budget. The creation of investment project monitoring groups should become one of the main directions of building the future organizational structure of the economy in line with the world trends of economic concentration and integration in the face of increasing international technological competition.

The state policy on the formation of the state's investment image requires radical changes and it is necessary to implement it at a high level of quality. For this, first of all, it is necessary to immediately change the attitude of local authorities and self-government bodies towards investors. Regional authorities should actively attract investment capital and help their entry. In order to attract investments to the regions, in addition to providing legislation, it is necessary to hold as many exhibitions, international investment conferences as possible, and create trade and economic directions abroad.

It is necessary to establish an information center for foreign investors. It is necessary to include the duties of this center to provide information, prompt and consulting services, to create catalogs of privatized enterprises, electronic databases, to constantly update information and its advertising, to hold auctions, conferences, and marketing events. In this way, foreign investors' lack of information about the internal characteristics of the country where investments are made is provided with more active advisory support.

It is important for foreign investors to familiarize themselves with the economic and legal conditions of our country. In this regard, the transparency implemented in the country should also be applied to the information on the hidden economy in our country, because it eliminates the possibility of limiting the initiatives of foreign investors.

In order to create favorable economic, legal and organizational conditions for the activities of foreign investors, the activities of the Ministry of Investments and Foreign Trade of the Republic of Uzbekistan were established by the decision of the President of the Republic of Uzbekistan on January 28, 2019. This ministry should provide informational, analytical, methodological and organizational support for



the investment activities of foreign investors. Its main tasks include providing potential foreign investors with information about the conditions of business and investment activity, investment opportunities of the Republic of Uzbekistan and its regions.

Specialists of the Ministry will determine additional means of stimulating foreign investment, adapted to the conditions of specific regions, in particular, industrial-technological parks, and help regions in their practical application. The Ministry cooperates with local executive authorities and local self-government bodies in the implementation of joint measures for the activation of investment activity, and supports the implementation of investment projects of foreign investors.

Informational and organizational preparation of investment projects of foreign investors is carried out on the principle of "single window". It should be noted that the improvement of state regulation of foreign direct investments should be based on the use of the so-called positive and negative motivation methods.

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