



Institutional Basis of Attracting Foreign Investments in the Development of Enterprises

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Abstract: In the scientific article, the institutional foundations of attracting foreign investments in the development of enterprises, engaging in activities that are not prohibited by law from the economic and organizational point of view, and developing the production of products are scientifically studied.

Key words: enterprise, enterprise activity, competitive environment, socio-economic situation, competition, tax incentives, natural resources, labor resources, institutional foundations, investment policy, investment environment.

Enter. After the independence of Uzbekistan, the implementation of institutional changes in the management of economic processes in the country was defined as one of the main tasks of economic reform. The word "institutional" in the English dictionary means effective development of the management system and structure at the state level, its regions and economic sectors.

Academics I. Iskanderov, S. Ghulomov, doctor of economics, professors B. Berkinov, A. Ishmuhamedov, A. Rasulov, T. Ahmedov, Sh. Yuldashev, Sh. Shodmonov and others can be included.

Investment is the main macro-level indicator (indicator) that ensures the economic independence of any country and its development. Investments are divided into domestic and foreign investments as mentioned above.

In attracting investments and implementing its institutional development, it is necessary to know the connection of the basic knowledge related to this concept, which are:

1. Investment policy - includes determining the goal of the investor and the amount of funds to be invested. Investment goals should define risk as well as return. This stage of the investment process is completed by selecting potential types of financial instruments for inclusion in the main portfolio.
2. Investment environment means the availability of favorable conditions for making and spending investments in the Republic of Uzbekistan:
 - a) political and economic stability;
 - b) creation of regulatory framework;
 - c) presentation of tax and customs preferences to business;
 - g) liberalization of business rules;
 - d) creation of free economic zones.

3. Investment potential means the use of investment resources in real opportunities that have a current and long-term interaction. It is intended not only to use investments, but also to increase its efficiency and profitability.
4. Investment activity - aggregated investment activity of active entities, i.e. making investments.
5. An investor is a subject of investment activity, a person (persons) who carries out investment activity in his own borrowing, attracted funds, property assets, the right to them, as well as intellectual property objects.

Different approaches and expressions are given to these concepts in the economic literature.

As mentioned above, from the first years of independence in Uzbekistan, special attention was paid to attracting investments to boost the economy. First, the Law of the Republic of Uzbekistan "On Investment Activities" was adopted. This law became the basis for institutional changes to revive investment in our country. The state acts as the main reformer in attracting investments to the economy. In order to organize the investment process, the state must perform the function of regulating its quantitative growth. Therefore, only legal regulation of the investment process at the national and international level is necessary.

Analysis of literature on the topic. The state has such a feature that it is not characteristic of any civil and international private legal entities, that is, it determines the main directions of foreign and domestic policy, the adoption of strategic programs, including investment programs and projects. Therefore, investment activity is based on the investment policy, and this situation is expressed in Articles 14 and 15 of the Law of the Republic of Uzbekistan "On Investment Activity".

State regulation of investment activities is carried out through:

- ✓ improvement of the legal basis of investment activity, development of the tax system, differentiation of tax rates;
- ✓ acceleration of depreciation of fixed assets and absorption of investments;
- ✓ setting standards, rules and norms;
- ✓ establishment of antimonopoly measures;
- ✓ carrying out credit and assessment policy;
- ✓ determining the conditions of use of land and other natural resources;
- ✓ establishment of a mechanism for examination of investment projects;
- ✓ Monitoring of investment projects included in the investment program of the Republic of Uzbekistan, etc.

There are other forms of state regulation of investment activities within the framework of the law. Centralized investments are state investments, and state investment activities are carried out in the following ways:

- direct financing from the state budget and extrabudgetary funds;
- Attracting foreign investment and loans under the guarantee of the government of the Republic of Uzbekistan.

Centralized investment management deals with the purpose of public investment, investment conditions and other related issues. Centralized investment management is carried out by local state authorities and state management bodies within their competence.

Currently, attraction of domestic and foreign investments is under the authority of the State Committee on Investments of the Republic of Uzbekistan. At the same time, the introduction of targeted state investments is also considered to be related to coordination with a number of state agencies.

At present, the wider attraction of investments, especially foreign investments, to the economy of our republic makes an important contribution to ensuring the effective implementation of the economic reforms carried out in our country. One of the main obstacles in the implementation of investment activities, especially in the attraction of foreign investments, is that the participating parties (investors and investment receivers) do not have sufficient mutual information about each other. As a result, the parties find it difficult to agree on an agreement on the implementation of investment activities, and in many cases, the conclusion of an agreement does not take place at all. The main directions of increasing the attractiveness of Uzbekistan's economy for foreign investors are as follows[2]:

- ✓ tax and customs incentives to attract foreign partners;
- ✓ political stability;
- ✓ convenient geographical location;
- ✓ availability of local resources;
- ✓ cheap labor;
- ✓ the country's location at the intersection of important transport corridors;
- ✓ located in the single free trade zone with the CIS countries;
- ✓ improving the financial condition and reliability of banks, etc.

At present, the competitive form of attracting foreign investments to their national economy in developing countries is increasing year by year. For this reason, interest in investing in the economy of that country increases in the country where the convenience created for foreign investors is superior, that is, the greater the probability of profit. This is a solution that is consistent with the law of relative efficiency of the market economy, that is, where there is a higher chance of profit, investors are more attracted to that market. Instability of world currency reserves, financial and banking system,

The establishment of the State Committee for Investments by the Decree of the President of the Republic of Uzbekistan Sh. Mirziyoyev not only develops the investment activity, but also increases the efficiency of its use. [1] Basically, all investment projects are determined through this committee and its implementation is monitored.

Academician S.S. According to Ghulomov's definition: "Investment is the use of financial, material and intellectual assets at the disposal of each investor on an investment object in order to obtain primary economic results." [3]

According to the definition of economists Sh.N.Zaynutdinov, R.I.Nurimbetov, O.Sh.Mamanazarov, "investment" means the involvement of capital funds and investments for the purpose of profiting by the investor.[4] Also, M.A. Ikramov and M.Ya. The Khodjaevas define the concept of investment as follows: "Investment is a method of placing capital, which is to preserve or increase the value of capital and generate a positive amount of income." [5]

N.A. Hoshimova expresses the concept of investment as follows: "Currently, investment means economic resources that increase the real capital of society." [6]

Sh.Sh. Shodmonov, U.V. Gafurov, I.K. Mirzaev's definition is also noteworthy, that is, "investments are the monetary form of expenditures for the restoration and increase of fixed and working capital, expansion of production capacity." [7]

In general, the expansion of attracting foreign investment in the development of enterprises and companies can be related to the following factors:

- development of appropriate scientific proposals and practical recommendations based on extensive study and analysis of the theoretical basis of foreign investment efficiency assessment;

- making appropriate decisions based on comparative study and analysis of foreign experiences in effective use of foreign investments in enterprises;
- creating methodological guidelines for coordinating foreign investment attraction.

Prestigious institutional investment organizations have been created to regulate investments and develop the economy of countries on a global scale. Among them, it is possible to mention BMTRD, World Bank, International Monetary Fund, ETTB, OTB, ARB and others. These international investment organizations provide funds in various forms to developing countries and improve the social life of the population. In particular, Uzbekistan also widely uses the investments of these banks.

The experience of developed countries shows that the attraction of foreign investment is one of the decisive factors in the high level of development of these countries. At the same time, the Action Strategy Program for 2017-2021, proposed by the President of the Republic of Uzbekistan Sh. Mirziyoyev, focuses on further improving the investment environment in our country, creating new jobs by establishing modern enterprises. In this regard, the ongoing reforms to attract foreign direct investments to our country, as well as to ensure reliable legal protection and guarantees for foreign investors, play an important role.

Research methodology. In the article, the socio-economic importance of attracting foreign investments in the development of enterprises, the study of statistical data and economic comparison and analysis, logical thinking, scientific abstraction, analysis and synthesis, induction and deduction methods are widely used.

Analysis and results. The implementation of the state investment policy and its management in Uzbekistan increases the efficiency of the use of investments. Based on this, consideration of various aspects of management and their use in investment practice will have a positive effect. Because in the new stage of the current market economy, it is necessary to find a solution to management problems. The actual state of implementation of this situation can be expressed in the form of a whole system (Table 1).

Table 1. State investment policy in Uzbekistan implementation system

Management level	Governing body	Management object and subject	Purpose of management	Control mechanism
The field of legislation	Oliy Majlis, Cabinet of Ministers, Ministry of Justice	Economic-entrepreneurial subjects and investment environment	Creating a favorable and efficient investment environment	Laws and regulations
Financial and economic sphere	Ministry of Finance	Market of investment-engineering services	Control of investment activity	Protective and punitive measures
Functional areas	Central Bank, TIAV, DSQ, DBQ, Uzstandart, insurance organizations	Money market, foreign and domestic investors, standardization, insurance, tax and customs law enforcement	Control of investors' economic relations	Regulations, guidelines, standards, decisions

The role of foreign investments, first of all direct investments, is very important in deepening structural changes in the economy, accelerating investment activities of enterprises and organizations, modernizing production, and implementing programs for technical and technological rearmament.

It has been more than 20 years since the Law of the Republic of Uzbekistan "On Foreign Investments" was adopted. Based on this law, a number of decisions, legal documents, regulations and other regulatory materials were adopted regarding investments. All this is for one purpose, that is, investment aimed at increasing attractiveness.

In general, investment policy in Uzbekistan today is based on the following principles:

- ✓ provision of legal, socio-economic and other conditions that ensure wide attraction of direct capital funds to the economy;
- ✓ create ample opportunities for investors who supply modern equipment and technology;
- ✓ focus on the most important priorities related to the production of a competitive product;
- ✓ implementation of a specific goal of further liberalization of foreign economic activity.

Effective management of attracting foreign investments to our country depends on state bodies, ministries and various organizations. To coordinate this process, a number of formal investment coordinating bodies have been established (Table 2).

Table 2. Coordinating bodies of attracting foreign investments in the Republic of Uzbekistan

Department of Coordination of Foreign Economic Activities under the Cabinet of Ministers	<p>Current process coordination:</p> <ul style="list-style-type: none"> - preparation of government decisions necessary for state support of investment activities, especially projects concluded with foreign investors; - organization of activities of ministries, agencies and other state management organizations.
The Ministry of Investments and Foreign Trade was established,	<ul style="list-style-type: none"> - Development of investment policies and programs. - registration of enterprises as participants in foreign economic activity; - Accreditation of representative offices of foreign companies.
State Competition Committee	Investment management during the privatization process. Ordering the use of state property.
Ministry of Finance	Determining policy directions in the field of external debt and "Government guarantees"
Ministry of Justice	Registration of enterprises with foreign investments.
Ministry of Foreign Affairs	Issuing visas to foreign investors and citizens working in Uzbekistan from other countries.
Ministry of Internal Affairs	Registration of foreign investors and citizens from abroad by place of residence.
State Tax Committee	Taxation of enterprises and improvement of customs activities
Central Bank	Managing and implementing the conversion process. Ensuring rational use of foreign exchange funds.
Agency for Foreign Economic Relations	<ul style="list-style-type: none"> - organization of a data bank on investment proposals of foreign investors; - studying the investment environment; - assisting foreign and national investors in the implementation of projects and organizing project implementation monitoring.
"Uzbek invest" State insurance company	Investment risk insurance.
"Uzbek investment project" National engineering company	Preparation of TIA for investment projects in advance.
Center for control and coordination of stock market activities	Implementation of state policy in the management, control, development and organization of the stock market. Attracting portfolio investments to the economy.

In the process of economic liberalization, institutional changes in the composition and structure of industries, the following urgent tasks should be solved:

- low-cost and effective organization of the management system of state bodies, ministries, committees, companies;
- transfer of offices and organizations involved in investment to the functional management system;
- introduction of modern advanced methods of management in companies, improvement of management personnel, knowledge and skills of local workers and employees;
- creation of convenient opportunities to enter the world market for economic entities producing goods (services) for the domestic market;
- to continue privatization processes in order to increase the interests and interests of foreign investors.

Based on these tasks, it is possible to define the following priorities for attracting foreign investments to regions, enterprises and companies in our country:

- ✓ organization of environmentally friendly production of natural raw resources, including production and processing of oil and gas;
- ✓ organization of production of products with high scientific capacity and competitive in world markets, including development of modern information and communication systems;
- ✓ improvement and efficiency of transport and service infrastructure;
- ✓ development of processing areas of agricultural products based on compact, inexpensive equipment and technologies;
- ✓ development of production of building materials, extensive use of local raw materials;
- ✓ improvement of alternative methods of electricity production and provision of energy-efficient equipment;
- ✓ production of medicines, modern medical equipment;
- ✓ strengthening the policy of modernization and diversification in the economy;
- ✓ development of tourism industry.

Guarantees of protection of foreign investors' investments are of great importance when operating in the above priorities. From this point of view, guaranteeing the right of foreign investors to voluntarily insure their investments ensures protection of their property from expropriation and other risks. Increasing the prestige of Uzbekistan in the world depends on the creation of good conditions for attracting foreign investments, as a result of the increase of joint ventures with the participation of foreign investments. However, there are a number of problems in attracting foreign investments to the economy of our country.

One of the main ones is the territorial disparity in the use of foreign investments. As a result of this, the balance of attraction of foreign investors at the regional level is disturbed. For example, in our republic, more than 70 percent of joint ventures are located in Tashkent. One of the important tasks of the current period is the further liberalization of foreign economic activity, and it is necessary to implement institutional changes in this regard immediately. Also, it is necessary to organize monitoring of investment projects with the participation of foreign investments in the activities of enterprises. This will allow further revitalization of foreign investments attracted to the economy.

It is known that the construction industry is considered one of the most promising and dynamically developing sectors of the national economy, and its potential occupies an important place in the socio-economic and industrial development strategy of Uzbekistan. The sector's share in the country's GDP is 9-20 percent in recent years, depending on the growth rate of the national economy. Currently, the government of the republic is paying special attention to the development of the

industry and increasing its competitiveness. As a result, as in other sectors of the national economy, significant structural quality changes are being observed in the construction materials production industry.

Summary. Great importance is attached to the construction of production facilities in our country. Therefore, the main part of investments, more than 70 percent, is primarily directed to the construction of production facilities. The share of investments spent on the purchase of the latest modern equipment is about 48 percent. The increase in investments in fixed assets leads to an increase in the volume of industrial and residential construction and, accordingly, the demand for construction materials. In 2017, the development of housing and industrial construction in Uzbekistan led to a significant increase in the production of construction materials.

As a result of step-by-step structural changes and measures to diversify the economy, production indicators of construction materials by branch enterprises are increasing. This network solves important issues such as renewal of the main funds of the construction network, modernization and reconstruction of enterprises, increase of the housing fund and employment level of the population.

In general, in order to achieve structural changes through the development of investment processes in the industry, it can be considered necessary to implement the following:

- production of advanced energy and resource-efficient and ecologically clean innovative construction materials by attracting investments, especially foreign investments, to branch enterprises;
- rearmament of business entities operating in the construction industry with modern equipment and technologies, development of new organizational forms of mutual integration and cooperation among industry enterprises;
- to conduct marketing research in domestic and foreign markets, to increase the international reputation and export potential of domestic construction goods;
- creation and introduction of resource-efficient and building materials with extensive use of modern science and technology achievements;
- use of solar energy (heliotechnology) in the production of construction materials and products, etc.

Based on the above, it can be concluded that the study of institutional theory and practice for the effective use of domestic and foreign investments attracted at the new stage of the market economy, as a result of which the development of useful proposals and recommendations increases the efficiency of the development of building materials and serves to develop its management system.

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