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THE ROLE OF INVESTMENTS IN ECONOMIC DEVELOPMENT

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Abstract

This research work scientifically substantiates the role of investments in the development of the economy. Economic factors to be considered in supporting enterprises in the real sector of the economy are presented, with explanations provided for each of them. Additionally, the experience of foreign countries has been studied, and the main factors of success in these countries are also indicated.

Keywords: market conditions, budget, world market, economy, investment, enterprises, price, competition, real sector, export.

In the context of the global financial and economic crisis, priority should be given to supporting the real sector of the economy, especially enterprises, by modernizing production, expanding cooperative ties, establishing strong partnerships, and encouraging domestic demand for products made in our country.

In this regard, the following points need to be considered:

First, it is necessary to continue the initiated work on establishing and expanding stable cooperative relations between enterprises, actively involving small businesses and private entrepreneurs in this process.

Second, in recent years, as a result of measures taken to increase wages, pensions, scholarships, and allowances, reduce tax rates on individuals' incomes, and lower inflation, the gross and real incomes of the population have significantly increased, and their purchasing power is steadily growing.

Third, expanding the service sector for the population is of great importance.

Fourth, rapidly developing small businesses that are relatively stable and adaptable to market changes and can create new jobs remains a significant issue in our conditions.



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Fifth, diversifying the composition of our exported products and, in general, foreign trade turnover remains a pressing matter.

Recently, it is necessary to quickly move away from exporting raw materials, whose prices have sharply fallen in the global market, and actively increase exports of finished competitive products while expanding the geography of countries to which these products are supplied.

In the first stage of economic reforms, Uzbekistan addressed very complex issues related to financial stabilization and the creation of a new system of state management. During this period, programs for privatization and restructuring of state enterprises were developed and began to be implemented.

Analysis of the economic development of developed countries shows that the relationship between investment activity and economic growth is not uniform. They sometimes complement each other. While economic growth depends on economic activity, it also determines the real capabilities of the country at each specific stage of economic development. In other words, the higher the growth rates of GDP, the greater the opportunities to mobilize investment resources and conduct effective investment policies based on them.

At the same time, it is important to emphasize that when studying international experience in specific sectors of economic activity, it is crucial to ensure that the models under consideration are relevant to the situation in our country. Keeping this in mind, it is necessary to examine the industrial policies of countries such as South Korea, Singapore, Taiwan, and Thailand in Asia.

The main factors behind the success of these countries include:

- timely implementation of deep agrarian reforms;
- conducting active export-oriented policies;
- significant liberalization of the economy, resulting in economic growth driven not by the state but by private enterprises;
- state intervention in the economy based not on administrative coercion but on strong economic incentives.

The current system of financing investment activities by the budget creates a mentality of dependency and provides preferential conditions for state enterprises and organizations. To eliminate such a situation, in our opinion, the entire system



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of financing investment activities in the country needs to be reconsidered. First of all, financing by the state should shift from budgetary financing to low-interest preferential loans by the government. Also, the practice of providing free funds from the state budget should be abandoned, and greater use of commercial bank credits should be encouraged.

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