

Improving The Investment Environment In The Country: The Role And Analysis Of Banks In The Modernization Of Industry

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Abstract. One of the main factors for socio-economic development of any country is investment. Today, investments provide not only financial support, but also the exchange of experience and technology. Therefore, investments are important for countries, especially developing countries. They increase investment attractiveness and improve the investment environment. It even makes practical action at the level of state leaders to attract foreign direct investment. Therefore, the study of this sector remains one of the current issues of today. In this article, economic development and the role of banks is disclosed in the economic development and industrialization. International experience have been studied and analyzed. The factors that affect the investment climate were also analyzed, their interactions were provided and offered to effectively use investments. In addition, research proposals have been developed in Uzbekistan to improve the investment climate and the introduction of investment and improve the investment climate and increase their efficiency.

Keywords: Investment, investor, investment environment, industry, bank, credit, risk, cost, profit, technology.

Introduction

The development of socio-economic sectors of any country, lending and investment in the financial support of industrial enterprises and the population serves as a key source. This issue is very important, especially in developing countries. In this case, States are interested in foreign direct investment, as they will allow real sectors of the economy not only as financial support, but also to acquire foreign experience and research and innovation. In this regard, investors from developed countries are precious for developing countries.

Most developing countries are effective investment in the implementation of socio-economic reforms, create a solid basis for further increasing the investment activity of commercial banks, attracting direct foreign investment to improve the legal regulation of foreign direct investment and to attract foreign direct investment and the protection of foreign direct investment in improving the legal regulation and protection of foreign direct investment. They try to implement their policies. Naturally, in developing countries, not all businesses are also financially stable. Most will need preferential loans and investment to start or

expand their activities.

This is self-understanding, but entrepreneurs without capital means, will not develop and play an important role in the activities of enterprises here, where commercial banks are playing here. Also, after the establishment of a business or business, the formation of working capital, and the development of technologies of advanced foreign countries is important.

Because local banks can only provide capital investment in the entrepreneur in the form of money. Investors in developed countries can lead to the latest generation technologies and business management practices (technological innovations) of existing generation technologies and business. This allows accelerating the development of young and inexperienced countries.

At today's time, it is known that technological innovations are highly the impact and the higher the ability to improve living standards. In addition, it is a fact that countries with high-level technological innovation are increasing income as well (WANG EA AL. 2020).

Material and methods

Over the past 25 years, the level of communications between the industries and sectors and the level of transparency through the Internet websites is increasing by social networks and other sources of analytical information. These are banks, investors and businesses, focusing on “Management Discussion & Analysis”, and improved the necessary study of investment (Durnev and Mangen, 2020). This allows you to reduce the negative impact of investment activity (Orlic et al. 2018).

Of particular importance in the uncertainty today, any investor puts the safety of his own funds to the first place. However, the main purpose of investment is to earn a higher income.

Therefore, investments on security measures often differ significantly from other investments, as safe movement problems can often cause accidents causing large losses (Abrahamakhsen et al. 2020). In general, investments are also observed to follow the basic laws of demand and supply, such as any other product or service. From this point of view, the lack of financial resources can be linked to one of the following three options: lack of supply, demand, or in both cases (Cong and Gallagher, 2021). The analysis of the investment climate against the macroeconomic environment includes: evaluation of the importance of gross demand and the role of macroeconomic policy for the development of small enterprises; Among them is the importance of advertising policy to provide the role of credit sector and small enterprises in the informal sector and the role of credit institutions for the small sector and the management of small enterprises. As for internal factors, investments selection; employment; strict indicators and efficiency; Capital composition and management are considered to be included in property and incentive structures (Cook and Nixon, 2017).

The world experience shows that cases as above have been dramatically differing in the regions.

For example, a significant difference between Asian Industrial Enterprises and American Industrial Enterprises can be observed. Asian industrial enterprises are adapted to the growth and financial transactions, while the American businesses are adapted to collect and create over financial activities (Sacacano Neto et al. 2020).

Close relations between universal banks and industrial companies have been considered a unique feature of the German economy of the industrial enterprises and played an important role in German industrialization (Edwards and Ogilvie, 1996). The advantage of universal banks is that they offer all types of financial services (Benston, Benston, 1994), ie universal banks, are more diversified. Their activity, customers and rates, as

well as a mixture of paid income sources, is even wider. Therefore, they are able to effectively manage their risks through distribution of different activities. According to the Federation of European Banking, the financial crisis has been observed in universal banks (1.2%) than the total assets, then occupies the investment banks (2.2%) and commercial banks (3.1%).

Investment in enterprises is an important carrier of capital flow across the regions. Interstating the current system of capital with industrial policy, priority, primarily under the influence of the enterprise's investment, is reflected in the investment policy. Regions supported by industrial policy provides more benefits to enterprises, which is undoubtedly increasing local investment. Therefore, in China, enterprises are common by enterprises (Dai et al. 2020).

In this regard, as well as Japanese, the bank's capital is widely used in the financing of enterprises with low capitalization of industrial enterprises.

In addition, in case of low share of the company in total capital, the Bank, which will be directly involved and will have a key advantage. That is, both the creditor is the reorganization of the enterprise as well as the capital owner of the enterprise. The order believes that the company will help prevent useless funds in Japan (Nakamura, 2002).

It should be noted that banks play an important role as money suppliers in the developing economy. Banks also organize shares and debts. Thus, industrial producers may have basic capital using banks. These banks are banks (Nipper, 2020), which help the formation of new companies and the formation of new industrial enterprises and producers.

In addition, banks are more likely to finance assets with high mortgaging value (Grundny and Vermijmeral, 2020).

First of all, to improve the investment environment in the country, it is advisable to develop investment risks insurance or protection system (Zaydiddinov, 2020).

Investment environment is an economic, political, regulatory, social and other conditions, mineral reserves, labor skills, and average wages, which affects the economic conditions, the population of the domestic market, the capacity of the domestic market, the possibility of selling goods to foreign markets, the state of the credit system, the development of the tax system, the development of production and social infrastructure, the development of production and social infrastructure, such as the state policy relative to foreign capital, its favorable conditions for which foreign capital, itself.

The creation of a favorable investment climate since the independence of our country has been one of the priorities of our country's economic policy. The state of the investment climate in any country is the level of investment, the exposition of public administration, the state of the state, the level of inflation, the stability of the economy, the stability of the exchange, the exchange rate, tax and customs benefits, goods and customs benefits. Requirements and supply on services, the credibility of the credentials, the state of society, the status of the ideological knowledge of the society, the state of labor resources, and the value of the work forces and entrepreneurship opportunities, are determined on the basis of analysis.

The economic investment environment is primarily determined by economic stability in the country. The main indicators of the economic situation in the country (GDP, industrial and agricultural production, etc.) Currently, is a significant warranty in the formation of sufficiently sustainable investment climate.

In fact, high levels and effective investment require a good investment environment. A good investment climate is described in addition to sufficient supply of certain types of infrastructure such as electricity and communications. The good governance is measured by the strength of property rights, the level of accountability in front of democracy and the team (Khan, 2005).

Systematic and comparative analysis, expert evaluation, expert estimates and economic, dynamic and comparative analysis, testing, examination of tables, examination and comparison, tables of research, grouping, and dynamic and comparative analyzing information, testing of tables, examination and economic comparison, testing of tables, statistical methods of processing through comparison have used methods such as the calculation of economic indicators.

Theory/calculation

The investment climate is a collection of places that clearly invest in effective investment and promptly determine the opportunities and incentives of job creation and expansion (World Bank, 2005). Factors such as government policy and actions, expenses, risks, as well as competitive barriers have a powerful effect (Figure 1).

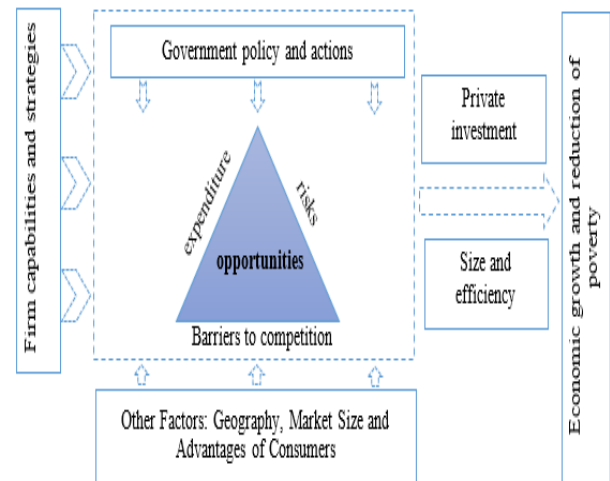


Figure 1. Investment environment and its organizational elements¹

Analysis of the socio-economic condition of the investment (enterprise or network) by investors is known that the number of students or directions to study today have increased by 5-6 times compared to 1960-1970. Because in complex market conditions, it is very difficult to carry out a clear activity to think of the future. On the other hand, under the frequent market, including the market, not even the largest enterprises will not plan its strategy, not to choose a strategy. However, it is known that the planning is profitable, of course. Therefore, it is advisable to draw more attention to the following four elements in the development of the strategy of investment projects (Khujamkulov and Ismailov, 2019):

- geographical location;
- market contribution;
- product and market communication;
- competition and perfection of the market.

However, there is also the effect of factors not provided for in uncertainty today. In particular, at the end of 2019, the Covid-19 of the People's Republic of China began from the city of China and the whole world is clear of this. It initially led to economic stagnation and second half to the other half of 2020, to the economic crisis.

This pandemic had a negative impact on the investment climate and investment activities of regions, enterprises. According to the Analysis of the Organization for Economic Cooperation and Development (ISTT), the growth rate of foreign currencies of foreign investment dropped by 42% in the world in 2020. In particular, USA (-1%), Europe (-77%), Russia (-71%), Japan (-49%) Korea (-8%) and China (-20%), Turkey (6%), Australia (125%), France (14%), Finland (15%)

and Indonesia (33%) were observed [24].

As a result of the next period, the collection of Covid-19 increased by 38% to the collapse of the Covid-19 pandemic and amounted to 846 billion US dollars. In particular, China (212 billion US dollars) to attract foreign investment in 2020 took the second place. The third place was taken by India (\$ 64 billion US dollars) [25].

World practice and research shows that investment activity in the development of the country's economy plays an important role. This has a direct positive impact on the structural changes in the economy and the social sphere, and the volume of social production and employment. At the same time, banking institutions play an important role in meeting investment demand.

Therefore, significant work is being done in Uzbekistan to improve the investment climate, increase export potential, to effectively regulate foreign trade activities as a basis for the rapid development of business.

According to the President of the Republic of Uzbekistan, the " It is necessary to reduce state participation in investment policy, increase the share of private and direct investment" "Next year, it is necessary to master investment worth \$ 23 billion. As a result, 226 large industrial and infrastructure facilities will be launched" (Mirziyoev, 2020).

It should be noted that in 2020, Uzbekistan was introduced for the first time in the ICT "Index for foreign direct investment." Institutional and economic development and large-scale reforms in the investment and economic spheres, Uzbekistan ranked 43rd among 83 countries, to which the neighboring Kazakhstan (56th), Tajikistan (58-) place) and left the Kyrgyz (62nd place) states over the other. It is noteworthy that Poland in Uzbekistan (44th place), Switzerland (49th place), US (52), South Korea (61), Canada (66th place) and Russia (66th place) and Russia (66th place) Restrictions on the activities of foreign investors have been significantly reduced.

Also, the main directions of systematic measures to eliminate the banking sector in the country - the development of state-privateized modeling of the banking sector, the development of state-privateized modeling for gradual privatization of the economy, the interrelationships between state and investors The main purpose of digitization of the relations process, encouraging capital laundering and the use of the most promising industries that can become economic growth and sharply technological development (Figure 2).

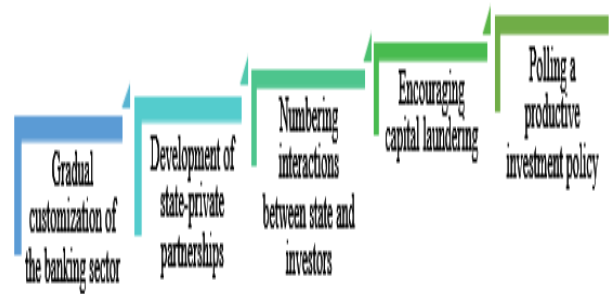


Figure 2. Measures taken to improve the investment climate in Uzbekistan²

According to the analysis, the growth rate of investments in fixed assets in 2010-2020 was 111.9% and its share in GDP was 25.0%. In particular, the growth rate in 2010 was 104.2% and the share of GDP was 22.2% and the growth rate in 2012 was 110.6% and the share of GDP was 20.3%, the growth rate in 2016 was 104.1% and the share of GDP was 21.1%, the growth rate in 2018 was 129.9% and the share of GDP was 30.6%, the growth rate in 2019 was 138.1% and the share of GDP was 38.3%. However, in 2020, a total of 202.0 trillion soums were allocated as a result of the global pandemistry. The growth rate of this indicator is 91.8% compared to 2019, and its share in GDP was 34.8% (Figure 3).

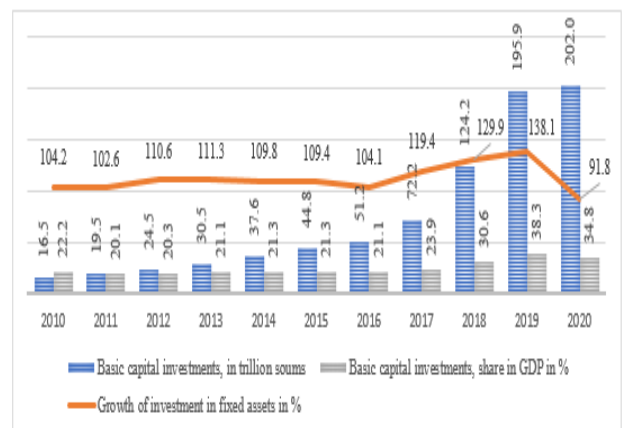


Figure 3. The volume of investments in fixed assets in Uzbekistan, the share of growth and GDP³

According to the creation of investments on financial sources, the proportion of foreign investment and loans in recent years is growing. In particular, in 2010 the volume of investments in enterprises and the population at the expense of their own funds was 52.5% of the total investment, which is by 2020. The share of foreign investments and loans in the total investments in the total investment in 2010 increased by 26.4% and 42.9% in 2020. It is clear that in 2010 the volume of

foreign investment and loans amounted to 82.3 trillion. soums or almost 20 times. The main reason for this is that in recent years, it is possible to support foreign investors and investment activities at the government level (Table 1).

Special attention is also paid to domestic investment in our country, creating a wider range of convenience and investment, in particular, and their own funds and the share of the population. As a result, bank loans and other borrowings were 9.0% in 2010 and 14.1% in 2020. This figure is 27.0 trillion compared to 2010, compared to 2010. soums or increased by 19.2 times (Table 1).

Table 1. The structure of investments in fixed assets on sources of financing (in %)⁴

| № | Sources | 2010 | 2011 | 2012 | 2013 | 2014 | 2015 | 2016 | 2017 | 2018 | 2019 | 2020 |
|---|--|------|------|------|------|------|------|------|------|------|------|------|
| 1 | Enterprises and the population's own funds | 52,5 | 57,1 | 56,0 | 57,9 | 57,6 | 56,2 | 54,4 | 47,3 | 42,0 | 29,3 | 34,6 |
| 2 | State budget funds | 5,2 | 5,5 | 4,7 | 5,0 | 4,2 | 4,2 | 4,3 | 4,8 | 4,5 | 9,0 | 6,5 |
| 3 | Credits of banks and other loans | 9,0 | 10,6 | 10,3 | 9,7 | 10,4 | 11,0 | 10,8 | 12,6 | 17,8 | 13,8 | 14,1 |
| 4 | Foreign investments and loans | 26,4 | 19,8 | 19,0 | 18,1 | 18,5 | 18,5 | 20,7 | 23,8 | 24,3 | 43,6 | 42,9 |
| 5 | Other funds | 6,9 | 7,0 | 10,0 | 9,3 | 9,2 | 10,1 | 9,8 | 11,5 | 11,4 | 4,3 | 1,9 |

In general, the domestic investment potential consists of free funds of the population, enterprises and organizations in the country, to develop a system that develops and practically implemented the processes of it to the economy and increase the volume of domestic investment through (Aymukhamedova, 2020).

However, observations and analysis show that such free funds of the population, enterprises, and organizations will be relatively low in most developing countries. Their investment environment is also unable to attract large amounts of foreign investment and loans, and on the other side causes partial economic dependence on the involvement of more than 18 months.

This means that in such circumstances, the Bank will also use the country to be based on its capabilities in financing the country's economy.

Therefore, the formation of its investment loans is an important aspect of bank lending, including each bank, taking into account political, economic, organizational and other aspects. (Kamilova, 2017). However, in developing countries, the necessary condition for the development of long-term lending of commercial banks is to diversify the risks (Yudina, 2013).

In this regard, a number of reforms are being carried out in our country to reform the sector of the credit market and increase its role in its economic development. In particular, from the current year, special attention is paid to the privatization of banks. Decree of the President of the Republic of Uzbekistan dated May 12(PR-5992), 2020-2025, "On the Strategy for reform of the Republic of Uzbekistan for 2020-2025" serves as a regulatory framework in the removal of the industry to a new level.

The international rating agency Fitch Ratings described Uzbekistan's long-term credit rating in the foreign and national currency at BB-the forecast.

Also, according to the agency analytical and forecasts, the Uzbek economy grew by 1.6 percent, in 2021, and for 5.5 percent in 2022 was projected. Because the financial policy of the country continues to invest in investments and support, and its major trading partners have also been reorganizing the economy [26].

In addition, the agency also conducted an analysis by inflation, which is one of the factors that adversely affect investment climate or an investment environment. According to this, inflation in Uzbekistan fell to 13 percent in 2020, but remains one of the highest in the row category. Despite the high prices of international goods, the inflation rate in Uzbekistan is expected to decline by 10.6% in 2021.

The Doing Business Rating, which is one of the most popular rankings describing the investment environment, has launched a comparable rating on the convenience of "Starting A Business SCORE). In this ranking, our country was highly valued (Figure 4).

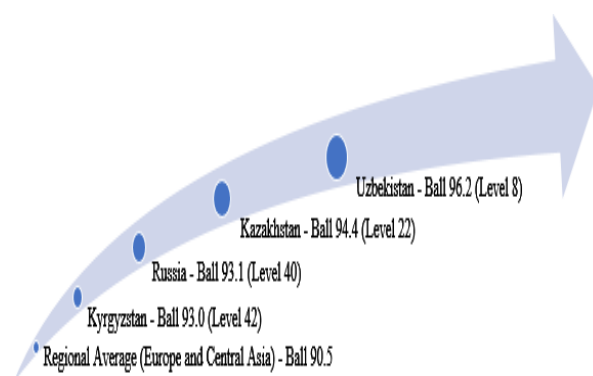


Figure 4. Comparison ratio of the convenience of the Uzbek economy⁵

In this ranking, the economic freedom of the country is 53.3 points, and in 2019 it ranks 140th. Liberty of business and freedom of labor and

investment increased by 1.8 - freedom of economic freedom. In this regard, Uzbekistan ranks 36th among 43 countries in the Asia-Pacific region, but its total rating is lower than an average (DoingBusiness 2020) in the regional and world levels.

Results

Depending on the study, the country can include such an investment policy, the capacity of the investment policy, the capacity of private and domestic infrastructure, competitive environment, intellectual potential costs, intellectual potential and the population's income (Figure 5). It should be noted that in most developing countries, there are more inefficient investment conditions than in the experience of developed countries. For example, they spend most of the amount of investment, ie in passive routes such as social facilities or administrative buildings of large manufacturing enterprises.

However, investment is aimed to benefit, is a turnover that should be returned, not just the funds to be spent and is someday.

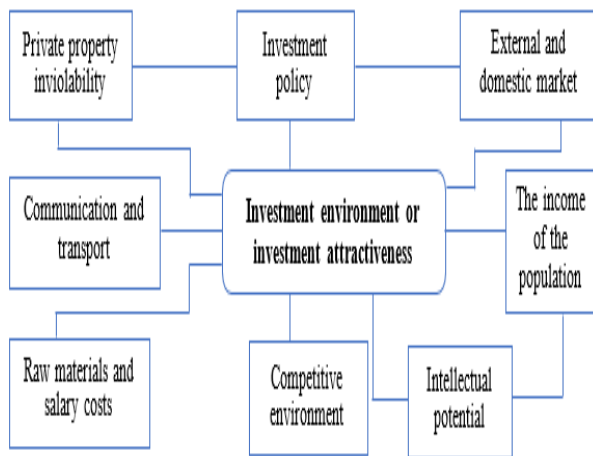


Figure 5. Factors that affect the investment climate⁶

Therefore, according to the research, in the effective use of investments, the creation of a competitive environment, the creation of a competitive environment, improvement of external and domestic markets, the protection of external and investment-infrastructure, the additional value of investments is created for additional value It is advisable to take into account the leading and effective use of leading areas (Figure 6).



Figure 6. Factors that affect the investment climate⁷

Discussion

To activate investment, liberalization of the activities of economic entities is required to activate the economy. Communication with business will be to take effective measures to identify and eliminate obstacles that prevent certain sectors from the development of certain sectors. It will also be advisable to consider the following areas.

1. To maintain the role of economic development and sustainable growth, it is necessary to strengthen measures to use banking and foreign investors in the economy and financing.
2. Increase investment attractiveness and further develop the communications and transport infrastructure, which is one of the key factors in creating a good investment climate.
3. In order to ensure the rapid growth of private investment, it is necessary to intimidate investment activities through the development of public-private partnerships and projects.
4. In order to fully eliminate the bureaucratic barriers and restrictions in the implementation of investment projects through the removal of investment and restrictions, optimization and transparency should be maximized.
5. In the future, the country needs to be improved and implemented to improve and implement investment policy strategy for the most promising sectors where the country can lay the groundwork for the development of industrial production capacity.
6. Given that the investment climate affects the impact of all areas of activity in the country, the scope of reforms shall include economic, social, institutional and other areas.

Conclusions

In conclusion, It is possible to say that the protection of the rights of investors, deepening

economic and economic development, economic and economic protection, institutional and economic protection of the initiators of additional value, and deep protection of the right of private property, the investment of the country's approach, the development and implementation of favorable conditions for the creation of favorable conditions, restrictions caused by investors and exporters, as well as the individual approach to addressing the problem of privileges, the country's investment will serve to improve the environment. As a result, it is possible to finance the real sector of the economy and master advanced foreign experience, as well as improve the lifestyle of the population through the creation of additional jobs.

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