

## DYNAMICS OF ATTRACTING FOREIGN INVESTMENTS TO THE ECONOMY OF KASHKADARYA REGION AND THE FACTORS AFFECTING IT

**Muzaffarova Kamola Zoyirovna**

*Teacher at Karshi Engineering-Economics Institute*

**Eshmurodova Sevinch Ulug'bek qizi**

*Student at Karshi Engineering-Economics Institute*

### ARTICLE INFO.

#### **Key words:**

Investment, investment climate,  
foreign investment, attractiveness of  
investment, modernization,  
diversification, export, import.

### Annotation

This article analyzes the dynamics of attracting foreign investments to the economy of Kashkadarya region based on tables and the results of the analysis, ways to increase the scope of attracting foreign investments were also mentioned.

<http://www.gospodarkainnowacje.pl/> © 2022 LWAB.

### Introduction

Today, the processes of globalization are deepening and the competition between countries is intensifying, as a result, ensuring the stable development of the national economy requires the search for new sources and reserves of economic growth. One of such sources is the effective use of natural and economic factors of the regions. In this regard, in recent years, comprehensive socio-economic development of regions has been considered as one of the priorities of Uzbekistan's economic policy.

### Research methods.

Creating a favorable investment environment is one of the most important conditions for attracting investments and ensuring stable growth of the country's economy. The theory of the relationship between liquidity and investment activity is based on the liquidity hypothesis developed by R.S. Buckle and I.T. Wender in 1953.[1] According to the above-mentioned authors, companies consider their own capital somewhat cheaper compared to debt capital and decide to make foreign investments with the emergence of surplus funds.

In the training manual prepared under the editorship of G. Podshivalenko and N. Kiseleva, it is noted that [2]"One of the most common criteria for making investment decisions is the assessment of the macro-level investment environment and the investment attractiveness of the investment object "Also, the case of using different quality descriptions in relation to the "investment environment" is observed. For example, B.A. Okhunov defined the concept of an acceptable investment environment as follows: is a system of political, socio-economic and organizational-legal conditions formed taking into account risks and interests"[3].

## Analysis and results.

Ensuring stable economic growth depends first of all on conducting a reasonable investment policy in the country. One of the goals of the state investment policy is to continuously create a favorable investment environment for foreign investors. Currently, such a favorable environment for investors has been created in Uzbekistan. Among them is the system of protection of the rights of inventors and their promotion.

Nowadays, the processes of globalization are deepening and the competition between countries is intensifying, ensuring the stable development of the national economy requires the search for new sources and reserves of economic growth. One of such sources is the effective use of natural and economic factors of the regions. In this regard, in recent years, comprehensive socio-economic development of regions has been considered as one of the priorities of Uzbekistan's economic policy. In particular, the development of rural areas, which are considered the lower level of the regions, "expanding the scope of modernization and diversification of the economy of the regions, reducing the differences in the level of socio-economic development of the regions due to the rapid development of districts and cities with a relatively low level of development, first of all, by increasing the industrial and export potential" is one of the important directions.[4]

Over the next five years, we managed to invest more than 83 billion US dollars in the economy of Uzbekistan. About 2.4 million new jobs were created through the implementation of many large, medium and small projects, particularly in the local industry, agriculture and service sectors. The share of industry in the country's gross domestic product increased from 25% to 33%, and the volume of industrial production increased 1.3 times. Gross domestic product almost doubled, incomes of the population increased by 2.5 times, wages, pensions, scholarships and social allowances increased significantly.

Because of this, it is not for nothing that the position of deputy mayors for active attraction of investments has been introduced in district, city and regional administrations. A decision was made to increase the responsibility of tax, finance and economic spheres bodies for the formation of budget funds of regional administration bodies, creation of additional reserves.

In the field of reforming the budget system, the powers of local authorities have been further expanded. Now, every regional leader should take full responsibility, "they need to do it by themselves" using the given opportunities. [5]

Kashkadarya region, which has a unique place in the economy of Uzbekistan due to its natural-climatic and socio-demographic conditions, was founded on November 24, 1924, and was annexed to Bukhara region in 1938. It was reorganized in 1943. Between 1960 and 1964, it was merged with Surkhandarya region and was restored in 1964. As on January 1, 2021, it includes 13 rural districts (Guzor, Dehkanabad, Karshi, Qamashi, Kitab, Kasbi, Koson, Nishon, Mirishkor, Mubarak, Chirakchi, Shahrisabz, Yakkabog), 12 cities (Guzor, Beshkent, Qamashi, Kitab, Koson, New Nishon, New Mirishkor, Mubarak, Chirakchi, Shahrisabz, Yakkabog', Karshi), there are 117 towns, 20 village assemblies and 1041 rural settlements. The total area of the region is 28.6 thousand square meters and it is equal to km.[5]. The largest districts in terms of area are Dehkanabad, Mirishkor and Mubarak districts, the area of these three rural districts is 10.3 thousand square meters. km or 36 percent of the region's territory. According to this indicator, the smallest district is Kasbi (0.65 sq. km).

It is noted that Kashkadarya is divided into desert, semi-desert, mountain and sub-mountain regions, and these regions are sharply stratified in terms of natural and economic potential. Moreover, almost 1/3 of the total area of the province is made up of mountain and sub-mountain districts, where 42.2 percent of the population lives (Guzor, Dehkanabad, Qamashi, Kitab, Shahrisabz, Yakkabog). Mountainous regions have large reserves of mineral resources, and highly productive pastures. The western and southwestern part of the region is desert and semi-desert. Mineral resources necessary for the

production of oil, gas, gas condensate, bentonite soil, brick raw materials and building materials have been identified in the desert areas. Analysis shows that during 2010-2020, almost all macroeconomic indicators of Kashkadarya region had a continuous growth trend (Table 1). In particular, during the analyzed period, the gross regional product of the region increased by 5.2 times, i.e. 6.9 billion, at current prices. 36 billion sums. increased to sums, the real growth of the gross regional product was equal to 1.6 times. During 2010-2020, the rate of growth of gross regional product was higher than the rate of population growth. As a result, the gross regional product per capita increased by 1.2 times in 2020 compared to 2010 at 2010 prices.

**Table 1. Dynamics of the main economic indicators of Kashkadarya region (billion sum)**

Economic indicators	2010	2015	2016	2017	2018	2019	2020	In 2020 compared to 2010 (times)
Gross regional product	6944,1	17247,7	20163,9	21597,3	26554,1	32399,3	36010,6	5,2
- growth rate, %	103,1	106,6	105,6	103,5	102,0	101,8	102,1	1,6
per person GDP	2601,3	5764,0	6595,6	6925,3	8348,5	9979,1	10887,6	4,2
- growth rate, %	100	104,2	103,3	101,5	100	99,7	100,2	1,2
Industrial product	4957,5	8721,9	9632,2	10945,9	14529,5	20360,1	14612,3	2,9
- growth rate, %	97,5	105,1	103,8	107,9	108,3	94,0	102,9	1,2
Consumer goods	651,7	2094,3	2577,2	2549,3	2891,7	3899,8	4947,4	7,6
- growth rate, %	109,6	110,1	112,7	91,2	100,7	110,2	110,9	1,8
Agricultural, forestry and fisheries products (services)	2912,8	9320,1	11121,0	14761,6	17685,8	20415,1	24510,2	8,4
- growth rate, %	107,0	106,1	106,5	103,3	96,5	101,4	103,7	1,6
Investments in fixed capital	1792,8	5894,7	7304,4	11175,3	16518,5	24462,5	20577,6	11,5
- growth rate, %	67,4	112,4	108,9	129,7	112,4	131,2	76,5	1,8
Construction works	699,2	2067,5	2560,0	2759,1	3701,1	4365,3	4928,2	7,0
- growth rate, %	125,2	124,9	114,4	99,9	110,9	103,2	100,2	2,0
trade turnover	1352,2	5042,8	6202,9	7187,3	8818,5	10665,7	13523,9	10
- growth rate, %	120,7	111,6	114,5	100,1	103,2	105,7	110,8	1,9
Services, total	1136,7	4058,9	5137,6	5859,7	7064,1	8800,9	10349,5	9,1
- growth rate, %	118,9	117,0	118,1	104,5	106,6	111,1	106,7	2,2
Foreign trade turnover (million USD)	504,5	737,7	764,1	596,9	765,7	824,8	542,1	1,07
- growth rate, %	112,1	115,8	103,6	78,1	128,3	107,7	65,7	1,2

**Source: Compiled by the author based on the official data of the State Statistics Committee of the Republic of Uzbekistan.**

At the same time, it should be noted that the growth rate of the gross regional product of Kashkadarya region was lower than the growth rate of the republic's gross domestic product (Table 1). As can be

seen from Table 1, the GDP of Uzbekistan increased by 7.6 times in 2020 compared to 2010 at current prices, by 1.9 times at constant prices, and by 1.5 times per capita. During the analyzed period, the average additional growth rate of GDP and GDP per capita in Uzbekistan was 6 and 4.2 percent, respectively, while in Kashkadarya region the GDP and GDP per capita were 4.3 and 1 increased by 2 percent. This affects the position of Kashkadarya region in the economy of the republic.

It can be seen from the analysis that although the foreign trade turnover of Kashkadarya region has a general growth trend during the years 2010-2021, no clear trend is evident in its development. During the analyzed period, the foreign trade turnover increased by only 7%. Another feature of the development of the region's foreign trade turnover is that it has been continuously negative for the last 6 years. In particular, in 2020, the negative balance of the foreign trade balance amounted to 151.5 million US dollars. It is known that the higher the share of high-value-added finished products in the export of a country or region, and, conversely, the lower the export of raw materials, the more desirable it is. From this point of view, the export structure of Kashkadarya region is characterized by incompleteness and one-sidedness. In 2010-2020, the share of machines and equipment, which are considered finished products, in some years did not exist at all, in some years it was very small, not even 1%.

Although there have been some positive changes in the composition of exports, raw materials and semi-finished products are still the basis of exports. The following can be highlighted as positive changes in the composition of exports: - during the analyzed period, the share of cotton fiber in the export structure decreased from 64.9% to 27.8%, and the share of textile products increased from 4.9% to 18.5%;

- the export of machinery and equipment appeared, albeit with a small share;
- export of food products increased from 1.1% to 15.4%;
- the share of chemical products remains at a relatively stable level.

As a result of the above changes, the level of export concentration has decreased: if in 2010 the three goods with the largest share in the composition of exports - cotton fiber, chemical products, and energy and petroleum products - together accounted for 91.5 percent, then by 2020 such goods (cotton fiber, chemical products and textile products) decreased to 61.7 percent.

The region's import composition is opposite to the export composition. In particular, the main part of imports is finished products - machines and equipment. If in 2010, 65.7% of the total import was made up of machinery and equipment, by 2020 this indicator was equal to 70.6%. It should be noted that in some years the share of this imported substance reached almost 90%.

Of course, the import of machinery and equipment is very important today, when the processes of modernization and structural reconstruction are being carried out in our country. Nevertheless, it is desirable to end the one-sidedness of import and to increase the share of raw materials and semi-finished products in its composition.

As a result of the changes taking place in the economy of Kashkadarya region, certain changes are taking place in the share of the region in the socio-economic development of the country.

**Table 2. Dynamics of capital investments in Kashkadarya region (in current prices, billion soums)**

	2010	2015	2016	2017	2018	2019	2020	2021	2021 2020 ratio
Kashkadarya region	1792,8	5894,7	7304,4	11175,3	16518,5	24462,5	20557,6	17359,1	15566,3
Karshi c.	284,1	1265,0	1283,9	2159,0	2328,7	2118,9	2062,5	3519,3	3235,2
Shakhrisabz c.	x	x	x	40,6	164,4	164,0	133,0	159,0	159

Guzor	209,1	850,5	984,0	1120,3	1565,8	2189,3	4426,5	4628,3	4419,2
Dehkanabad	129,8	422,1	786,8	1346,1	777,0	656,9	213,2	326,5	196,7
Qamashi	23,2	76,9	58,5	61,1	141,6	4294,6	194,2	477,3	454,1
Karshi	50,5	182,8	404,6	470,5	336,6	895,4	1120,3	649,4	598,9
Koson	49,1	228,7	231,5	334,2	421,0	191,6	273,4	414,7	365,6
Kitob	30,5	168,6	118,1	128,7	310,4	381,9	808,4	1064,9	1034,4
Mirishkor	287,7	71,3	75,2	58,0	131,3	243,9	521,5	371,5	83,8
Muborak	474,9	1086,7	1054,3	1263,2	2000,6	2503,4	3041,8	3064,1	2589,2
Nishon	93,9	4125,8	1708,4	3729,6	7595,3	9686,3	6586,5	887,7	793,8
Kasbi	25,7	52,1	88,8	66,8	96,0	470,7	344,8	420,9	395,2
Chirakchi	28,3	106,6	133,7	120,3	196,3	174,1	297,9	403,4	375,1
Shakhrisabz	61,7	88,7	212,7	119,8	163,3	186,1	165,7	585,7	524
Yakkabog	44,3	157,6	163,9	157,1	290,2	305,4	367,9	386,4	342,1

It is noted that Kashkadarya is divided into desert, semi-desert, mountain and sub-mountain regions, and these regions are sharply stratified in terms of natural and economic potential. Almost 1/3 of the total area of the province is made up of mountain and sub-mountain districts, where 42.2 percent of the population lives (Guzor, Dehkanabad, Qamashi, Kitab, Shahrissabz, Yakkabog). Mountainous regions have large reserves of mineral resources, highly productive pastures. The western and southwestern part of the region is desert and semi-desert. Mineral resources necessary for the production of oil, gas, gas condensate, bentonite soil, brick raw materials and building materials have been identified in the desert areas.

**Table 3. Dynamics of fixed capital investments per capita in Kashkadarya region (at current prices, billion soums)**

	2010	2015	2016	2017	2018	2019	2020	2021	2021 vs. 2010 ratio
Kashkadarya region	<b>678,5</b>	<b>1969,9</b>	<b>2389,3</b>	<b>3583,4</b>	<b>5193,4</b>	<b>7534,6</b>	<b>6214,7</b>	<b>5148,2</b>	<b>4469,7</b>
Karshi c.	1113,1	4697,0	4716,1	7813,8	8 647,3	7 767,1	7456,8	12537,5	11424,4
Shakhrisabz c.	x	x	x	410,6	1 209,7	1 186,5	951,3	1122,6	
Guzor	1180,1	7351,5	4970,9	5686,4	7 928,3	10875,9	21529,9	22039,7	20859,6
Dehkanabad	1029,4	3812,3	5568,0	9503,6	5 464,4	4 520,9	1437,4	2155,2	1125,8
Qamashi	100,9	127,2	223,9	315,2	540,4	16036,7	712,0	1719,2	1618,3
Karshi	242,5	628,1	1701,5	2089,3	1 407,9	3660,7	4481,0	2536,5	2294
Koson	201,0	614,4	845,5	1336,4	1 529,5	680,9	950,7	1410,1	1209,1
Kitob	132,8	239,1	460,2	600,6	1 209,5	1 460,5	3049,6	3961,8	3829
Mirishkor	2779,7	401,5	648,5	0,0	1 136,1	2 067,0	4331,3	3025,6	245,9
Muborak	6245,5	10952,2	12561,4	15173,5	23845,2	29211,1	34803,4	34312,5	28067
Nishon	759,0	6683,1	11821,1	25501,4	51738,8	64360,8	42797,0	5640,0	4881

Kasbi	153,8	291,5	468,1	502,1	505,6	2 428,6	1743,3	2084,7	1930,9
Chirakchi	83,3	184,6	343,6	398,9	497,3	429,8	717,6	947,2	863,9
Shakhrisabz	191,8	203,8	601,7	578,5	754,2	845,0	743,2	2595,0	2403,2
Yakkabog	194,4	381,7	645,0	690,7	1 136,7	1 172,4	1389,8	1438,5	1244,1

Analyzes show that in recent years, the region's share of gross regional product, industrial output, consumer goods and investments in fixed capital has been decreasing. The share of Kashkadarya region in the republic's gross domestic product was 8.8 percent in 2010. By contrast, this indicator has decreased to 6 percent in 2020. The highest decrease is observed in industrial production. Moreover, 13 percent of the industrial products produced in the republic were accounted for by Kashkadarya region in 2010, and then in the following years, this indicator decreased continuously, and it decreased by 9 percentage points and amounted to 4 percent in 2020. Similarly, the region's share of consumer products and fixed capital investment decreased. At the same time, the share of the region in the republic in terms of agriculture, retail trade turnover and service provision has increased somewhat.

If we consider the position of Kashkadarya region among the regions of the republic according to the main economic indicators, we can note a number of negative aspects for Kashkadarya region. Of course, it is not appropriate to draw conclusions based only on the total volume of economic indicators, because the regions differ significantly from each other in terms of population. For this reason, we evaluate the position of Kashkadarya region among the republican regions according to the indicators calculated per capita. In terms of services and retail turnover per capita, Kashkadarya ranked one of the lowest among regions in 2020 - 13th place. It can be seen that in 2020, Kashkadarya region recorded results lower than the national average in all indicators calculated per capita.

### Conclusions and suggestions

Thus, summarizing the results of a short analysis, the following aspects specific to the socio-economic development of the region can be singled out:

- indicators of social and economic development of the region are lagging behind the indicators of the country, as a result, the weight of the region in the national economy is decreasing according to the main indicators. Also, the region ranks lower in the country in terms of the main macroeconomic indicators per capita;
- low rate of development of industrial production. This indicates that the available opportunities in the region are not being fully utilized. As a result, the competitiveness of the region may decrease not only in the foreign market, but also in the domestic market;
- “Small volume of regional exports”. This problem is actually the result of the above two problems, and at the same time it is one of the causes. This, of course, is primarily the result of not effectively using the available economic opportunities. At the moment, it depends on the size of the investments involved and the characteristics of spending.

### References:

1. Buckley P.J., Cason M.C. The future of the multinational enterprise. Homes & Meier: London, UK. Macmillan Press. 1976.
2. Инвестиционная деятельность: учебное пособие / Н.В. Киселева, Т.В. Боровикова, Г.В. Захарова и др.; под ред. Г.П. Подшиваленко и Н.В. Киселевой. – 2-е изд., стер. – М.: КНОРУС, 2006. – 432 с.
3. Охунов Б.А. Ўзбекистон иқтисодиётининг барқарор ўсиши шароитида мақбул инвестиция муҳитини шакллантириш (Фарғона водийси вилоятлари мисолида). Иқтисод фанлари номзоди илмий даражасини олиш учун ёзилган диссертация. - Тошкент, 2010.

4. Ўзбекистон Республикаси Президентининг 2017 йил 27 февралдаги ПФ-4947 сон “Ўзбекистон Республикасини янада ривожлантириш бўйича Ҳаракатлар стратегияси тўғрисида”ги фармони //https://lex.uz/docs/3107036
5. Ш.М. Мирзиёев. Янги Ўзбекистон стратегияси [Матн] /. -Тошкент: “Ўзбекистон” нашриёти, 2021. - 94 б.
6. <https://www.qarshieconomy.uz/uz/>
7. 7.Ўзбекистон Республикаси давлат статистика қўмитаси (https://stat.uz/uz/rasmiy-statistika/national-accounts-2) расмий маълумотлари асосида муаллиф томонидан тузилган.
8. Egamberdiyeva, S. R., & Turobov, S. A. (2021). THE DYNAMICS AND ITS ANALYSIS OF THE INDICATORS OF THE ENTREPRENEURSHIP ACTIVITY OF THE HOUSEHOLDS. *International journal of trends in marketing management*, (1).
9. Эгамбердиева, С. Р. (2021). ISSUES OF INVESTMENT ACCOUNTING IMPROVEMENT IN ECONOMIC REFORMS IMPLEMENTATION. *Экономика и финансы (Узбекистан)*, (4), 42-47.
10. Alikulov, A. T. (2022). In Uzbekistan, the use of the Stock Market in Attracting Financial Resources by Corporate Entities is One of the Tools. *Journal of Marketing and Emerging Economics*, 2(5), 66-69.
11. Azimova, H. (2019). RISING THE INCOME OF POPULATION–THE GUARANTY OF LIVING STANDARD. *International Finance and Accounting*, 2019(3), 7.
12. Эгамбердиевна, А. Ҳ. (2021). ХОРИЖИЙ ИНВЕСТИЦИЯЛАРНИ ЖАЛБ ЭТИШДА ҲУҚУҚИЙ ВА ИНСТИТУЦИОНАЛ АСОСЛАРНИНГ АҲАМИЯТИ. *Журнал Инновации в Экономике*, 4(5).
13. Muzaffarova, K. Z., Egamberdiyeva, S. R., & Kudratova, S. M. (2022). Theoretical Foundations of Attracting Foreign Investment in the Region's Economy. *Middle European Scientific Bulletin*, 21, 114-119.
14. Muzaffarova, K. (2021). ҚАШҚАДАРЁ ВИЛОЯТИНИНГ ИНВЕСТИЦИОН САЛОҲИЯТИ АСОСИДА ХОРИЖИЙ ИНВЕСТИЦИЯЛАРНИ ЖАЛБ ҚИЛИШНИНГ МИНТАҚАВИЙ ЖИҲАТЛАРИ. *Архив научных исследований*.
15. Музаффарова, К. З. (2018). Қашқадарё вилоятининг инвестицион салоҳияти асосида хорижий инвестицияларни жалб қилишнинг минтақавий жиҳатлари. *Экономика и финансы (Узбекистан)*, (12), 46-51.
16. Alisherovich, T. S., & Iskandarovich, R. R. (2021). The Importance of Household Entrepreneurship in Providing Employment. *Academic Journal of Digital Economics and Stability*, 177-182.
17. YAKUBOVA, S. S., & RAIMOVA, M. D. THE ROLE OF EFFECTIVE IMPLEMENTATION OF MONETARY POLICY IN A PANDEMIC CONDITION. *THEORETICAL & APPLIED SCIENCE Учредители: Теоретическая и прикладная наука*, (12), 349-352.
18. Turobov, S., Muzaffarova, K., Alimxanova, N., & Azamatova, G. (2020). INCREASING THE FINANCIAL AND INVESTMENT POTENTIAL OF THE HOUSEHOLDS. *Solid State Technology*, 63(6), 141-151.
19. Turobov, S. A., & Azamatova, G. I. (2020). THE OPPORTUNITIES OF DIGITAL ECONOMY AND IMPLEMENTING IT IN THE CIRCUMSTANCES OF UZBEKISTAN. *Theoretical & Applied Science*, (2), 533-537.

20. Туробов, Ш. А. (2019). Оилаларда тадбиркорликни ривожлантириш борасида олиб борилаётган ислохотлар самараси. *Экономика и финансы (Узбекистан)*, (11).
21. Туробов Шерзод Алишерович & Азаматова Гулсара Исоқовна (2020). ҚАШҚАДАРЁ ВИЛОЯТИДА УЙ ХЎЖАЛИКЛАРИ ТАДБИРКОРЛИК ФАОЛИЯТИНИ АМАЛГА ОШИРИШНИНГ МИНТАҚАВИЙ ХУСУСИЯТЛАРИ. *Экономика и финансы (Узбекистан)*, (2 (134)), 60-65.