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ANALYSIS OF INVESTMENTS INTO THE ACTIVITY OF SMALL BUSINESS SUBJECTS IN THE REPUBLIC OF KARAKALPAKSTAN

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Saparov Kuantbay Abdiraxmanovich

Independent Researcher (Phd) Of Institute For Staff Advanced Training And Statistical Research Tashkent, Uzbekistan

ABSTRACT

The article examines the activities of small businesses on the basis of regional policy, in accordance with which describes ways to attract investment in small businesses in the Republic of Karakalpakstan and measures for their effective use. The article also carried out a statistical analysis of the distribution of investments in small businesses and private entrepreneurship by region. In particular, a mechanism has been developed to attract domestic and foreign investments to the Republic of Karakalpakstan, as well as to familiarize investors with information about the potential and opportunities of the Republic of Karakalpakstan and create greater interest and inclination for them.

KEYWORDS

Regional policy, small business, investment, foreign investment, direct investment, cooperation, diversification, territorial inequalities, cooperative relations, financing, credit lines, economic diversification, efficiency, marginal productivity, statistical analysis, entrepreneurship.

INTRODUCTION

During the globalization of today's economic relations, it is important to ensure active investment activities in the development of the country's economy, improving

the investment climate in this regard. Even if we observe the trends in the economic growth of developed countries, we see that as a key factor in

economic growth, the investment climate is one of the main factors. It should be noted that in order to establish a favorable investment climate for attracting direct investments in the economic sectors of the country, large-scale measures are being implemented to liberalize the economy, support entrepreneurial activity, and create the infrastructure of economic regions. In this regard, the decree of the President of the Republic of Uzbekistan "On measures to radically improve the investment climate in the Republic of Uzbekistan" dated August 2, 2018 PF-5495 also sets out the tasks for improving the investment environment. Currently, many measures are being taken to improve the investment climate in our republic. In particular, it should be noted that a number of benefits have been introduced in Uzbekistan to create a favorable investment environment for the participants of economic regions and ensure its attractiveness.

The main goal of the development and implementation of programs for the economic and social development of the region is the balanced and rational development of the godly economy by the effective use of its natural and economic potential and the attraction of external resources.

In this regard, the government of our country will increase the regional economy by 1.4-1.6 times through proportional development of regions, implement five-year regional programs developed in 14 regions in terms of districts and cities, rating indicators of socio-economic development tasks [1] of developing and

implementing a program of practical measures for "unsatisfactory" cities and districts were defined.

Special attention should be paid to the activities of small business entities in the territory, which are currently the drivers of the economy. Because, despite the fact that huge achievements are being made in the field of small business and private entrepreneurship in our country, there are also aspects of its capabilities that have not yet been fully used. In particular, despite the rapid increase in the number of small business entities in our country, the fact that they have not yet reached sufficient levels, especially in the leading sectors of the economy, does not fully take advantage of the opportunities of this sector. "Small business provides about 60% of the country's GDP, a third of the volume of industrial products, 98% of agricultural products, half of investments.

Increasing the weight of small business entities in the economy has certain limits. In order to expand these boundaries, it is important to distinguish the main features of the establishment of small business enterprises. It should be noted that the further development of small business enterprises depends on the development of large enterprises and the deepening of cooperative relations between them, in this regard, especially the possibilities of modernization and renewal processes of leading enterprises should be widely used. For this purpose, in addition to the establishment of new modern enterprises, it is possible to establish the activity of

small modern enterprises through the structural restructuring of existing large enterprises. The efforts of branch management agencies are required to establish cooperative relations between small business enterprises in our country and large enterprises.

It is necessary to analyze the production processes of large enterprises in each sector and to develop a mechanism for assigning work volumes that can be assigned to small enterprises on a mutually beneficial basis in order to increase their economic efficiency. This event, along with the existing and operating small business enterprises, will allow to determine the amount of new enterprises.

ANALYSIS THEMATIC LITERATURES

In the process of studying the review of the literature on the topic, we considered the opinions of several foreign and Uzbek economists on attracting investments to small business and entrepreneurship.

In particular, attracting foreign investments to the economy and small business, which is a component of it, and various aspects of the activities of enterprises established with their participation have been reflected in the scientific works of a number of foreign and national economists. The President of the Republic of Uzbekistan Sh. Mirziyoyev emphasized the development of long-term concepts of development, as the first step in this regard, the adoption of state development programs of the Republic of Uzbekistan and the creation of a fund for financing these programs. In this regard, it was recognized that one of

our important tasks is to mobilize the funds collected in the hands of the population in the form of investment in the development of the economy, to strengthen the sense of entrepreneurship in people [2].

Most authors understand that investments are the money invested in the reproduction, maintenance and expansion of capital. A similar concept is also supported by Uzbek scientists. D.Gozibekov believes that “investments are in the process of converting capital into capital in order to maintain the current value of capital in general and increase the savings of this value. For this reason, they are not consumed during this time period and are attached to specific objects and processes for a certain period, in which they are busy, in which they face specific and non-specific risks” [3].

In some economic literature published in the Russian language, investment is the expenditure of monetary funds, understood to be used to re-generate total social or single capital, which consists not in consumption, but in finding a higher income or social effect in the Future [4].

In some literature, the total type of investment of financial, property and intellectual benefits to various sectors, investment projects for the purpose of development of production, entrepreneurship, profit or other final results is called investments [5].

According to these authors, investments are resources used to expand or renew production, that is, to

increase real capital. But it should also be said that investments are not only resources used to increase real capital, these resources are also used for tangible and intangible assets and the purchase of securities. Investment is also understood as the long-term use of economic resources in order to generate profit in the future [6]. That is, allocating financial resources to the final goal in order to capitalize capital and create savings is called investment [7].

According to Uzbek scientists: "Investment is the use of financial, material and intellectual assets by individuals and legal entities operating on the basis of entrepreneurship, regardless of the form of ownership, or the state, in order to obtain economic and social benefits, within the framework of the law, spending on any business object" [8]. Below are some of the works carried out:

- to verify the hypothesis of a decrease in the production profit rate as a result of the development of small business and private entrepreneurship and to research the need for innovation processes and its directions in the field to increase business results;
- development of theoretical principles of econometric modeling of development of small business enterprises and investment programming;
- comprehensive analysis of the pace and efficiency of small business and private entrepreneurship development, development and improvement of econometric modeling methods of production processes in them;

- development of optimization and econometric models related to management and forecasting of small business enterprises in the region, creation of methodology of product quantity, price, cost management in accordance with the nature of markets;
- to consider the issue of expressing the demand of entrepreneurs for investment financing funds and the offer of credit funds of banks in the districts of the Republic of Karakalpakstan through linear programming models and minimizing the total interest payments;
- consists of analyzing the efficiency of micro-firm, small and private enterprises based on marginal indicators and developing practical proposals aimed at increasing their competitiveness.

METHODS

The methodological basis of the study is the fundamental laws of statistical science, Decree No. 60 of the president of the Republic of Uzbekistan "on the development strategy of the New Uzbekistan for 2022-2026" dated January 28, 2022 [1], based on the priorities established on the data of the Cabinet of Ministers of the Republic of Uzbekistan and the statistical agency, through the extensive introduction of modern statistical methods and methodologies in the collection and processing of statistical data aimed at expanding the coverage of socio-economic processes studied at the sectoral and territorial levels, further adaptation of the system of statistical observations to

the generally accepted international practice is organized. A new system for the development of small business and entrepreneurship will be introduced.

ANALYSIS AND RESULTS

In many countries with a developed market economy, regional policy is carried out in the following 3 directions, which serve to ensure the redistribution of capital investments:

The first direction is to build infrastructure facilities in underdeveloped and industrially underdeveloped regions and improve their connections with other regions. It is known that in countries with a developed market economy, the state does not directly interfere in production, but the creation of economic and legal conditions for the effective operation of entrepreneurs is the primary duty of the state. The presence of roads and railways, electricity networks, gas and water pipelines, and communication lines will greatly help the development of entrepreneurship in such areas. Currently, certain works are being carried out in our country to supply rural settlements with natural gas and drinking water.

The second direction is the application of restrictive methods (implemented through administrative or financial restrictions) in relation to highly developed

and industrialized regions, especially large cities. Territorial disparities will be prevented by restricting the placement of new industrial enterprises in such regions. This method is widely used for agglomeration centers in almost all developed countries of the world. Preventing the placement of new industrial enterprises in large and big cities, development of small towns, urban settlements and rural settlements are urgent problems in Uzbekistan.

The third direction is to encourage the attraction of foreign and private investments in order to place industrial enterprises in problem regions. This direction is the main direction that the state pays great attention to when locating enterprises belonging to various sectors of the economy.

This caused a decrease in foreign investment in the financing of fixed capital investments in the region and amounted to 1304.9 billion soums in 2020. The share of this resource in the total capital investments was 47.8% compared to 2018 and 24.6% compared to 2019. This has strengthened its strength in the financing of small business enterprises. Indicators of capital investment in the Republic of Karakalpakstan show unevenness across the territory of the Republic of Karakalpakstan (Table 1).

Table 1
Capital investments in districts of the Republic of Karakalpakstan
(billion soums)

	2018		2019		2020		2021		2022	
	capacity	percent	capacity	percent	capacity	percent	capacity	percent	capacity	percent
Republic, total	1 918,0	139,0	3 092,4	100,3	2 478,2	69,2	2 415,5	89,2	1 973,7	98,0
Nukus c.	544,8	133,3	794,4	115,5	407,9	44,4	452,8	102,2	606,2	91,5
Amudarya	89,7	140,1	96,0	90,1	169,2	152,0	148,0	79,5	93,4	155,3
Beruniy	230,5	217,4	201,6	75,0	218,9	94,5	218,5	91,3	126,0	85,6
Buzatov			9,9		45,9	4 m.	32,1	63,2	27,2	100,0
Qorauzak	265,5	317,3	179,1	52,0	131,5	62,9	70,9	48,8	42,2	74,1
Kegeili	64,8	164,6	67,0	83,2	40,4	52,0	48,1	108,0	42,5	124,4
Kungirot	72,6	102,0	221,4	242,4	133,6	52,0	186,5	127,5	151,2	86,7
Kanlikul	41,6	131,7	282,0	524,0	49,0	15,1	109,7	205,7	105,8	99,1
Muynak	44,1	81,3	105,0	189,1	184,8	152,4	100,8	50,1	131,6	111,6
Nukus	86,5	187,3	137,1	133,5	105,7	67,1	123,6	107,9	64,2	109,0
Takhiatash	43,2	154,4	95,6	176,3	99,0	89,7	118,5	110,3	90,7	91,5
Taxtakupir	76,8	355,3	18,5	21,0	45,6	208,6	52,3	102,1	23,4	65,2
Turtkul	58,5	83,1	190,2	269,2	304,7	138,8	283,3	85,1	186,1	119,9
Xujayli	71,5	130,9	232,4	277,7	90,4	33,7	160,1	162,9	119,0	105,0
Shimbay	69,9	235,6	120,5	138,9	117,7	84,3	99,8	77,4	68,1	93,5
Shumanay	49,4	74,1	204,7	319,8	119,6	50,2	57,8	43,6	27,2	100,7
Ellikqala	108,6	56,1	136,8	102,8	214,2	134,4	152,8	64,9	69,0	108,3

According to the table, the most important investments are made by Amudarya and Kegeili districts. This can be proved by the high level of development of small business in them compared to other districts. At the same time, it should be noted that the districts of Turtkul and Muynak have improved

in terms of this measure, and this is based on the efforts of enterprising entrepreneurs.

At the time when it is possible to attract foreign investments in the country, it cannot be denied that there are a number of problems in attracting foreign investments in the region. Including:

- the active participation of local governments in providing foreign investors with information on their birthplaces;
- in some cases, technology and equipment are outdated, standard products for production do not meet international requirements and are not competitive;
- infrastructure is not developed at the level of construction;
- experience of working with investments and lack of legal knowledge of entrepreneurs;
- investment proposals and production of technological and economic bases in this regard do not meet the requirements.

The share of foreign investments in the Republic of Karakalpakstan also came into control, depending on the figure of foreign investments complained about, and on the directions it leads. The countries of the world, where the integration and globalization of national economies are increasing, differ sharply from the previous stages in terms of their meaning and content. These processes require the modernization of the economy in each country and its regions. The economy cannot be imagined without investments. The main focus of our research will now be on the analysis of the current state of the small business sector in the Republic of Karakalpakstan and the investments that are being made in the sector.



Picture 1. Structure of investments in fixed capital in 2012-2021 on sources of financing of small businesses (in interest accounting) [9]

If we pay attention to the picture, compared to 2012, the volume of financing in 2019 decreased by 18.3%. In

general, this indicates that the scope of investment in our country has increased. But in 2021, compared to

2020, it decreased by 3.9% and in 2022 by 0.8%. We can assume that this decrease is due to the worldwide coronavirus pandemic.

It is impossible to imagine the process of appropriation of foreign credit lines by commercial banks and implementation of financing at their expense without cooperation with local governments. Therefore, during the current year, banks together with local governments will pay attention to the following issues:

- directing the attracted foreign investments to all regions of our country, in addition, using these funds, first of all, to deepen structural changes and diversify the economy, to accelerate the modernization of existing capacities and technological renewal, and to localize production based on industrial cooperation. paying special attention to directing the projects of deepening processes for financing;
- directing the funds allocated from foreign credit lines to projects aimed at the production of food products, including the processing of meat, milk and fruit and vegetable products, and all-round support for entrepreneurs to use these funds.

In general, it is possible to increase the quality of products produced in our country to the level of the demand of world markets based on wide attraction of investments in small business in our country and increasing their attractiveness, implementation of promising projects of cooperation, introduction of new modern techniques and technologies.

CONCLUSIONS AND SUGGESTIONS

With the help of the joint efforts of the legislative and executive government and local governing bodies in our country, it is possible to achieve significant results in improving the conditions for the development of small business, which in turn will lead to positive changes in the development of small business entities and economic reform in Uzbekistan. will come. At the same time, it increases the efficiency of using domestic investments in our country, which has a positive effect on the growth of GDP. As a result of the analysis, it is necessary to increase the volume of investments in industrial sectors, because the share of small business entities in the industry has been decreasing in recent years. In general, the development of industry in the country is not significant. The following scientific proposal and practical recommendations were developed to increase the amount of investments attracted to small business and entrepreneurship and to improve the mechanism of state support for this process:

1. It is necessary to further reduce the tax burden on enterprises making investments in order to focus on the development of the country's production and service sectors;
2. It is necessary to establish the issue of effective use of financial resources of enterprises for the implementation of investment projects, development and modernization of production;
3. It is necessary to develop recommendations for increasing profits at the expense of increasing

production efficiency in enterprises that carry out investment activities in the economy;

4. In order to develop the country's economy, it is necessary to develop a mechanism to fully develop enterprises and improve the material life of workers;

5. In order to further improve investment activities in the republic's economy, we believe that it is necessary to create a balanced production environment based on the development of inter-industry and intra-industry cooperation.

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