



METHODS OF ASSESSING THE INVESTMENT ATTRACTIVENESS OF THE REGION

J. A. Ismatullaev

PhD Student of KarshiSU

Abstract

This article describes the interpretation of the region's investment attractiveness, its theoretical and methodological foundations, the concepts of investment potential, investment environment, investment capacity, investment risk and investment image.

Key words: region, investment, economic concentration, agglomeration, investment attractiveness, investment environment, risk.

In ensuring the economic development of the country, the role of the regions, the complex measures implemented in the regions, the conditions created for the business and entrepreneurship environment, and the development of institutional structures serving to ensure competitiveness are of particular importance. The economic policy aimed at ensuring socio-economic development of the country and its regions is based on the important goal of ensuring the economic development of the regions and increasing the well-being of the population. Due to the limited economic resources available in the regions, the most effective way to increase the production capacity is the rational use of existing resources and the mobilization of additional investment resources based on high technologies.

It should be noted that the 26th goal of the development strategy of New Uzbekistan adopted in our country for the period of 2022-2026 is to further improve the investment environment in the country and increase its attractiveness, to take measures to attract 120 billion US dollars, including 70 billion dollars of foreign investments in the next five years [1] tasks are defined.

Investments are one of the important factors in the development of the socio-economic system of the country. The scope, structure and effectiveness of investments determine the state, prospects and competitiveness of the national economy. In addition, the dynamics of investments is the main parameter of the production process, which reflects the allocation of resources for the development of the country's economy in the current period and in the future. In the conditions of the market economy, the concept of investment is interpreted in different ways, that is:

World experience shows that economic development in the world today is mainly characterized by high economic concentration agglomeration [Agglomeration is a





megalopolis and highly urbanized areas with knowledge and innovation, financial, management and logistics centers, transport links and high consumer goods markets.]. Looking at the scale of a given country, population density and the location of economic power are distributed differently across regions and territories. The natural resource potential of regions and territories, land fertility, water resources and existing conditions are fundamentally different from each other. At the national level, the real situation in the central regions and remote regions means that their economic development is stratified. Formation of regional investment attractiveness is considered important in ensuring proportional development of regions of countries. In practice, the concepts of investment potential, investment environment, investment risk and investment capacity are often interpreted as synonyms with the concepts of investment attractiveness. In our opinion, the concepts of investment potential, investment environment, investment risk, investment capacity and investment attractiveness mean different components of the investment process.

1-расм. Минтақанинг инвестицион жозибаторлиги талқини.

«Минтақавий инвестицион жозибаторлик» атамаси замонавий иқтисодий адабиётларда жуда тез-тез қўлланилади. Шундай бўлсада, ушбу иқтисодий категорияни тушуниш учун ягона фикрни йўқлиги ҳамда баъзи ўхшаш тушунчаларни бир хил деб қараш услубий жиҳатдан қарама-қаршилиқларга ва маълум мураккаблиқларга олиб келмоқда. Қуйидаги жадвалда минтақавий инвестицион жозибаторлик тушунчасига берилган таърифларни кўриб чиқамиз.

Table 1 Theoretical approaches to defining the concept of regional investment attractiveness

№	Authors	Definitions
1.	Lessman C.	The greater the volume of GNP in the region, the greater the potential of domestic demand, which reflects the investment attractiveness of the region for potential investors.
2.	Sharpe W. Iamsiraroj S.	Investment attractiveness should not only be understood as attracting direct investment that affects the growth of the economy, but also needs to understand the level of labor force, trade restrictions, business risks for the company and the investment environment.
3.	Nowicki M.	Investment attractiveness is not only a set of factors, but also the ability to combine opportunities and motives to attract investments to a particular region..
4.	Bredshou M., Sueyn A.	The investment attractiveness of the region is the ability of the region to attract and retain business.



5.	Asaul A.N., Karpov B.M. and others	The investment attractiveness of the region is a set of objective economic, social, natural-geographical and other factors influencing the attraction of investments to the region.
6.	Grishina I., Shakhnazarov A., Roizman I.	The investment attractiveness of the region is a set of various objective factors, tools, opportunities and restrictions that determine the intensity of attracting investment to the capital of the region.
7.	Tretyakov A.G.	The investment attractiveness of the region is a system or combination of various objective characteristics, factors and opportunities that determine the demand for investment potential in a given region.
8.	Barinov G.O.	The investment attractiveness of the region is a set of objective and subjective conditions affecting or hindering the process of investment in the national economy at the macro, meso and micro levels.
9.	Mustafaqulov Sh.I	The country's investment attractiveness is a sum of objective economic, social and natural signs, tools, opportunities and restrictions that determine the inflow of investment into the region and are evaluated by investment activity.
Regional investment attractiveness in the interpretation of rating agencies		
10.	RAEX ("Expert RA") rating agency	The investment attractiveness of the regions is analyzed through two independent features of the region, i.e. investment potential and investment risk.
11.	National rating agency of the Russian Federation	The investment attractiveness of the region is defined as a set of factors affecting the feasibility, effectiveness and level of investment risk in a given region.

In world practice, the investment attractiveness of a region or the investment environment is only the non-commercial risk of investors investing in a certain region[Non-commercial risk is the risk that investors face as a result of decisions made by government bodies that may harm foreign investors investing in the country's economy, as well as political or military processes.] is understood as a set of These actions of the region accepting investments consist of adopting regulatory and legal documents that discriminate against the property interests of foreign investors, implementing economic policy or implementing certain political decisions, or implementing investment projects by the enterprise.

In our opinion, regional investment attractiveness is a set of objective socio-economic, political, legal, structural, natural-geographic and ecological indicators that describe the conditions for the economic development of the region and have a positive or negative effect on the formation of investment activity.

These characteristics are often referred to as factors of regional investment attractiveness.





A broad definition of investment attractiveness as a combination of factors affecting the intensity of investment flow can be applied not only to the region, but also to the case of a specific industry or company. The main distinctive feature of the concept of regional investment attractiveness is that the set of factors considered in it is not limited to financial and economic aspects, but also includes political, social, institutional, innovative, consumer and other aspects.

Economist T.M. Smaglyukova singles out all the indicators that determine the attractiveness of investment and the indicators that meet the requirements of a comprehensive assessment. According to the scientist, these indicators are included in the investment process factors that reflect all aspects of the investment process.

The sum of these indicators covers the external and internal factors of the activity of the regions as an economic system and investment objects.

T.M. Smaglyukova includes the following in the group of factors that determine the investment attractiveness of regions: political, social, economic, ecological, infrastructural, legal, criminal, innovative, production, labor, finance, investment and raw material resources.

According to him, the level of investment risk can be analyzed using all the mentioned factors. Political, social, infrastructural, legal and criminal, innovative and resource-raw factors were excluded from this list to assess the risk level of investments at the network level. This is explained by the fact that they do not have enough influence in the analysis.

In addition, it is considered inappropriate to include single indicators in both regional and sectoral investment attractiveness factors.

Therefore, looking at the factors influencing the formation of a favorable investment environment in the regions, it can be said that the investment attractiveness of the region plays an important role in increasing the investment activity of the country. Attracting foreign direct investments is of great importance in raising the investment status of the country.

Investment potential –and the presence of favorable conditions for investment in the regions is determined by its openness to investors and the availability of economic resource reserves and their size. The concept of investment potential is currently being studied by many researchers and scientists.

In particular, F. S. The method proposed by Tumusov, that is, the approach of analyzing the formation and implementation of the investment potential of the region, is noteworthy. It is investment potential - a collection of investment resources, which is a part of the accumulated investment, which is manifested in the form of investment





demand in the investment market, which has the opportunity to become a real investment demand, which ensures the satisfaction of the material, financial and intellectual needs of the reproduction of investment [3] [Tumusov F.S. investment potential region: theory, problems, practice.-M.: Ekonomika, 1999.272 p.] interprets as.

Russian scientists S.Zenchenko and M.Shemyotkin recommended to evaluate the investment potential of regions based on 7 criteria (raw material reserves, production potential, consumption potential, infrastructure potential, intellectual potential, institutional potential, innovation potential) [4][Zenchenko S., Shemyotkin M. Investment potential region // Сб. науч.трудов, Series "Economics". No. 6. – 2007. – S.45-53.].

Economist Sh.I. Mustafaqulov widely suggests studying the investment potential by dividing it into 9 group factors, unlike the above [5] [Mustafaqulov Sh.I. Theoretical, methodological and practical interpretation of investment attractiveness. Spirituality. 2021,352 p.], that is, these factors include:

natural resource potential (available underground resources);

production potential (material assets created by society);

innovative potential (level of development of science and application of scientific and technical achievements to the national economy);

labor potential (number, age, knowledge and skill level of labor resources);

financial capacity (tax amount, profit of enterprises and firms, income of the population);

institutional capacity capacity (state of development of the system of market institutions);

infrastructural potential (economic-geographical situation of the region and level of infrastructural provision);

consumption potential (purchasing ability of the population, their consumption demand);

tourism potential (existing cultural heritage objects in the regions, social and household objects serving tourists).

Investment potential creates and increases investment attractiveness. The level of investment risk has the opposite effect on investment attractiveness. In addition, investment attractiveness is considered a subjective concept and depends on the type of investor and his goals. The investment environment is objective and reflects the trends affecting all participants of the investment process. Thus, investment potential and investment risk constitute investment attractiveness.





Investment risk is the probability that investors will receive income or lose it based on the conditions created for them. It is appropriate to interpret the investment risk and its integral assessment into the following groups.

- Social (social condition of the area);
- Economic (state of economic development of the region);
- Financial (financial situation of state and local budget enterprises);
- Ecological (state of the environment);
- Crime (crime situation in the area);
- Management (availability of targeted programs, development level of management activities, etc.)

Investment environment is the general economic, political and financial conditions that affect the inflow of local and foreign investments.

There are a number of types of investment environment and they include:

- transnational investment environment (mutual integration of several countries);
- national investment environment (specific to a country or state);
- regional investment environment (belonging to a particular region, city or district or territorial unit);
- the investment environment of the industry;

Investment image is a part of investment marketing, which is a comprehensive reflection of the investment environment with various aspects, according to the imagination of investors. During the study of literature related to the field, it is possible to encounter the use of the concepts of investment environment and investment image in one sense. But for us, these concepts are interrelated concepts.

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