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THE NATURE AND NECESSITY OF INVESTMENTS IN INDUSTRIAL ENTERPRISES

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Abstract: There are other factors that directly affect the investment climate in the country. These are socio-economic, political, regulatory and other conditions. For this reason, the formation of the investment climate in the country is a pressing issue.

Keywords: investment, industrial enterprise, globalization, production, digital economy, export, import, economic development.

Introduction: Today, attracting investment is one of the main factors influencing the socio-economic development of countries. Goal 48 of the Decree of the President of the Republic of Uzbekistan Sh. Mirziyoyev dated September 11, 2023 No. PF-158 "On the Strategy Uzbekistan - 2030" provides for the development of "driver" industries and the full use of the industrial potential of the regions. According to it, it is planned to increase the volume of added value in industrial enterprises to 45 billion US dollars and create 2.5 million high-income jobs. It was determined that large enterprises should produce import-substituting products and expand cooperation ties with regional enterprises, as well as introduce a system of active stimulation of enterprises that have established industrial cooperation⁸. Therefore, large-scale development of industrial enterprises and attracting investments in them are reflected in the positive reforms carried out at the state level.

Main part: From the experience of developed countries it is known that one of the main factors influencing investment attractiveness is inflation. On the other hand, it also depends on the economic and political situation in the country.

There are other factors that directly affect the investment process in the country. That is, these are socio-economic, political, regulatory and other conditions. For this reason, the formation of the existing investment climate in the country is a pressing issue. The table below shows the factors that affect the formation of the investment climate in the country (Figure 1).

⁸Decree of the President of the Republic of Uzbekistan dated September 11, 2023 No. PF-158. <https://lex.uz/ru/docs/-6600413>



Factors influencing the formation of the investment climate

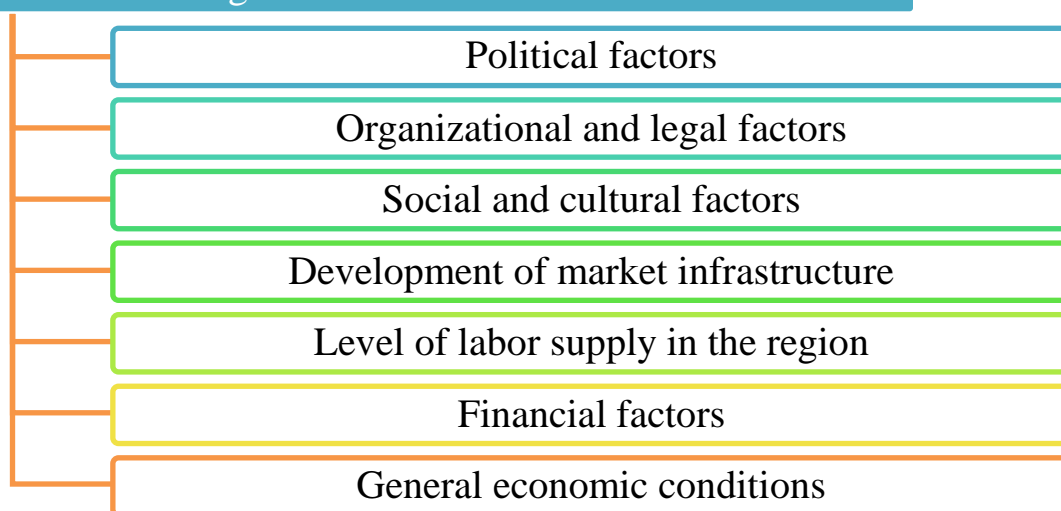


Figure 1. Factors influencing the formation of the investment climate .

It is known that the level of economic development in the modern period to a certain extent depends on investment activity, and the investment attractiveness of the country is determined by a number of factors. In particular, these include economic, social, legal, political and other factors. In the following information, we will consider some factors that influence the formation of the investment climate.

Political factors - influence the economic environment of industrial enterprises. They include such processes as public confidence in state and local legislative and executive authorities, political independence and impartiality.

Organizational and legal factors - the attitude of the country's authorities to foreign investment, the speed of decision-making on the activities of investors, the efficiency of the functioning of the legislative, executive and judicial authorities. Freedom and publicity of the media, religious and ethnic freedom are protected by law.

Socio-cultural factors – the standard of living of the population living in the area where investments are being attracted, the development of medical services that serve their health, the level of criminal activity in the area, as well as the size of the monthly and annual wages of the population, the attitude of the indigenous population towards foreign investors and the conditions they have created for organizing and running a business are some of the main reasons.

The development of market infrastructure is studied – first of all, such processes as privatization of state property, analysis of the money supply in the country, the impact of inflation on attracted investments, development of entrepreneurship in the region, interaction of manufacturing and service enterprises, capacity of the local market, presence of foreign investors.

The level of employment in a region refers to processes such as the demographic state of the workforce, the development of its general infrastructure, and the development of the intellectual potential of the population living there.

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Financial factors - an analysis of the assets and real capabilities of credit institutions to meet the demand for credit resources in the region is carried out, the financial condition of their enterprises, the state of the country's budget and tax revenues, as well as the effective impact of financial potential on investment and entrepreneurship are studied.

These include factors such as general economic conditions - the degree of availability of resources for production or provision of services, the priority of economics over politics, and positive patterns of economic growth.

The state of the investment climate in the country is one of the important factors in attracting future investments and the future development of industrial enterprises. Investing in industrial enterprises in countries where the costs and risks of industrial enterprises are low, as well as the potential of the knowledge of the enterprise's employees and a healthy business environment are considered convenient and safe. In addition, investors are interested in tax and government benefits created by this company.

Initially, a company needs to answer a number of questions before deciding to invest in an investment project. (See Figure 2)

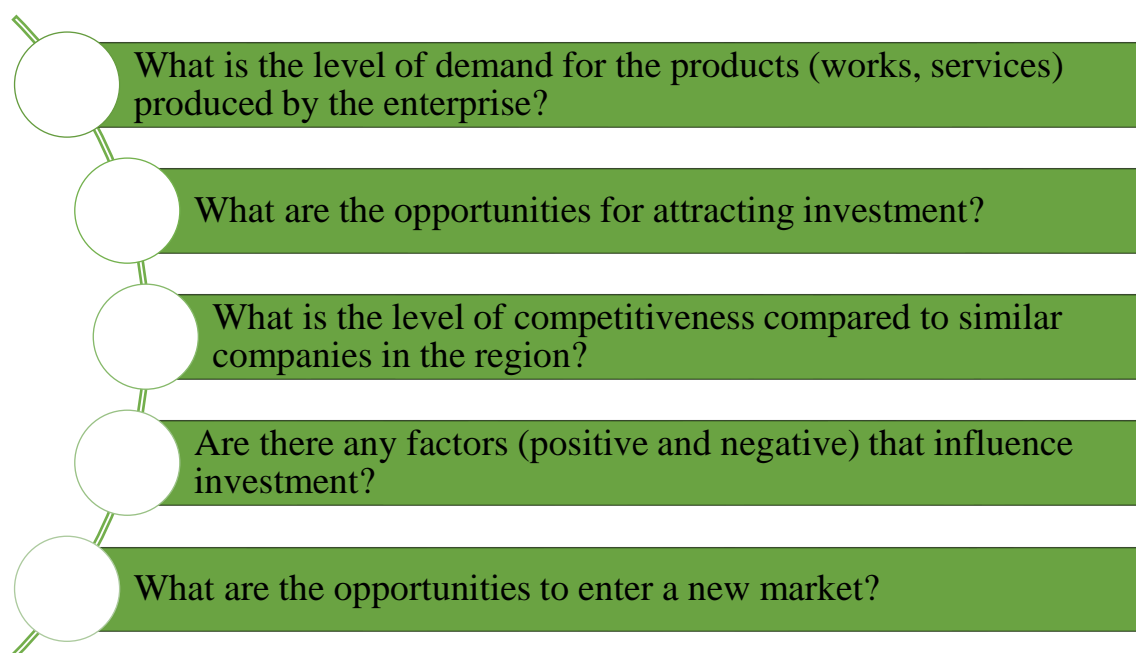


Figure 2. Issues that need to be analyzed by an enterprise to attract investment into the enterprise .

The questions presented in the figure are important for the investment analysis of the enterprise, and finding answers to them will create an opportunity for the enterprise to attract investments and thereby further improve its position in the market .

In particular, to determine the level of demand for the products manufactured by the enterprise, it is necessary to conduct a market analysis, study the needs of buyers for goods or services. It is also necessary to study the possibilities of attracting investments, for which it is necessary to analyze such indicators as the financial and profitability of the



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enterprise. For additional investors, it is necessary to clearly indicate the profitability indicators and investment risks.

For investors, the level of competitiveness of similar enterprises in the region is also one of the main issues. To resolve this issue, the enterprise should analyze its main competitors and identify their strengths and weaknesses. This question can be answered by comparing the price set for the product and its quality level. There are also factors (positive and negative) that affect the investments attracted to the enterprise, the study and analysis of which by the enterprise will further increase the attractiveness of the enterprise.

Conclusion: Positive factors influencing investments in the enterprise include high market demand for the enterprise's products, government support, and in-depth development of the enterprise's technical and technological capabilities. Negative factors include high competition in the region, tax burden, and economic instability, which have a direct negative impact on the scale of investments in the enterprise.

It is also necessary to analyze the level of the enterprise's ability to enter new markets with developed products by attracting investments and compete there with the existing competition. In particular, the enterprise needs to study the demand and behavior of consumers in new markets and develop new marketing strategies for the enterprise. Barriers to market entry are assessed (certification, licensing, logistics issues).

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