

**DIRECTIONS TO INCREASE INVESTMENT ACTIVITY TO ENSURE  
MACROECONOMIC SUSTAINABILITY IN UZBEKISTAN****Izzatova Dildora Mamasharif qizi<sup>1</sup>****Abstract**

This article discusses macroeconomic stability in Uzbekistan and directions of increasing investment activity are analyzed. The article also provides key indicators of macroeconomic stability. In addition, the reforms aimed at ensuring macroeconomic stability in Uzbekistan were considered and relevant conclusions were drawn.

**Keywords:** Macroeconomic stability, investment activity, economic growth, employment, price stability, state budget, exchange rate, foreign trade, investment, investment climate, direct investment.



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## INTRODUCTION

Socio-economic development in the country Macroeconomic stability is important. Ensuring macroeconomic stability is a topical issue today. Increasing investment activity and ensuring macroeconomic stability are important for sustainable economic development. Macroeconomic stability is defined as a situation in which the country is achieving sustainable economic growth, full employment, stable prices, GDP growth per capita rather than population growth. It is said that the state budget is in balance, the foreign trade balance is positive and the exchange rate is stable. Ultimately, macroeconomic stability leads to an increase in the welfare of the population. Investment is an important factor in ensuring macroeconomic stability. Therefore, there is a need to increase investment activity to ensure macroeconomic stability. As the increase in investment activity increases the income of the population, investment has a positive effect on GDP growth, ie with the increase in investment, the volume of GDP will increase, the state budget revenues will increase, new jobs will be created and as a result, macroeconomic stability will be ensured in the country. The Republic of Uzbekistan is implementing a number of reforms aimed at increasing macroeconomic stability and investment activity. Priorities in these areas are set out in the Decree of the President of the Republic of Uzbekistan “On the Action Strategy for the further development of the Republic of Uzbekistan”. At present, the areas identified in the Action Strategy are aimed at strengthening macroeconomic stability and maintaining high economic growth, increasing the competitiveness of the national economy, modernization and accelerated development of agriculture, reducing state participation in the economy. Continuation of structural reforms, protection of private property rights and further strengthening of its priority position, promotion of small business and private entrepreneurship, integrated and balanced socio-economic development of regions, districts and cities, improvement of the investment climate. Reforms are being carried out to actively attract foreign investment to the regions. As a result, the economy is developing rapidly, macroeconomic stability is being ensured and investment activity is increasing. The third priority of the Action Strategy for the further development of the Republic of Uzbekistan is “Economic Development and Liberalization”, on the basis of which the following priorities are identified:

- Further strengthening macroeconomic stability and maintaining high economic growth rates;
- deepening structural changes, increasing its competitiveness by modernizing and diversifying the leading sectors of the national economy;
- modernization and accelerated development of agriculture;
- Continuation of institutional and structural reforms aimed at reducing state participation in the economy, protecting and strengthening the rights of private property, and promoting the development of small business and private entrepreneurship;
- Comprehensive and balanced socio-economic development of regions, districts and cities, effective and optimal use of their existing potential[1].

Based on the implementation of the above priorities, macroeconomic stability and investment activity are growing in Uzbekistan. As a result of reforms aimed at increasing the inflow of investments into the regions as a result of the formation of a favorable investment climate in the country, the volume of investment in the country's economy is growing. In recent years, investment has been seen as the basis for economic development. In other words, investment is seen as a positive factor in achieving high economic growth and macroeconomic stability. Today, one of the most pressing issues is to attract investment in various sectors of the economy

to ensure the development of the Uzbek economy.

**Research methodology.** Methods of analysis such as macroeconomic analysis, comparison and comparison, as well as analysis and synthesis were widely used in writing this article.

**Analysis and results.** There are different views on the concept of macroeconomic stability. In general, the well-being of the population as a result of sustainable economic development can be considered as macroeconomic stability. All economic reforms and ongoing programs will ultimately focus on improving the well-being of the population. Therefore, all measures aimed at ensuring macroeconomic stability should ultimately be aimed at improving the well-being of the population. Macroeconomic stability is a set of government measures aimed at ensuring economic growth, full employment and the stability of cash flows[2]. Macroeconomic stability is a guarantee of sustainable economic growth and well-being [3]. There are several indicators of macroeconomic stability, and based on the maintenance of equilibrium, it is possible to determine whether the country is achieving macroeconomic stability. The main indicators of macroeconomic stability are:

1. Employment (unemployment 5-6%);
2. Economic growth;
3. Price stability (inflation);
4. State budget balance (budget deficit of up to 3% of GDP);
5. Foreign trade balance;

Indicators such as full employment, sustainable economic growth, price stability, balanced state budget, foreign trade balance and exchange rate stability are considered as indicators of macroeconomic stability. Indicators of macroeconomic stability are also divided into several components. These are discussed below. Employment is one of the key factors influencing macroeconomic stability. It is usually recommended to achieve full bankruptcy to ensure macroeconomic stability. We know that even at full employment, there is a small percentage of unemployment. With full employment, an average unemployment rate of 5-6% is normal. One of the main indicators of macroeconomic stability is employment (unemployment 5-6%), which consists of the following components:

- Achieving full employment;
- Ensuring the growth of human resources;
- Improving the competitiveness of the economy through effective management of the growing labor force.

The growth of the labor force will also ensure macroeconomic stability. But as the labor force grows, so does the need for employment measures. Another indicator is economic growth, which includes:

- sustainable growth;
- GDP growth per capita;
- Faster GDP growth than population growth.

Of course, sustainable economic growth is one of the key indicators of macroeconomic stability. At the same time, GDP growth per capita is important in the context of macroeconomic stability.

At the same time, GDP growth is expected to be faster than population growth.

Price stability (inflation) is also one of the most important indicators of macroeconomic stability, which includes:

1. Maintaining the solvency of the population's income;
2. Market stability;
3. Investor confidence;

The ability of the population's income to pay and the stability of the market depend on the level of inflation in the country. That is why it is very important to keep inflation low and stable. Investors are also reluctant to invest in areas with high inflation. Because this is a high risk event for them.

Therefore, low inflation, price stability, is one of the primary factors for gaining investor confidence. Another indicator of macroeconomic stability is the balance of the state budget (budget deficit of up to 3% of GDP) and it includes:

- Balance of budget revenues and expenditures;
- Full financing of social expenditures;
- Reimbursement of investment costs;
- ensuring budget revenues

The foreign trade balance is one of the key indicators of macroeconomic stability. The foreign trade balance includes:

- ensuring a positive balance;
- increase the competitiveness of the country's economy;
- gaining a foothold in world markets;
- Growth of gold and foreign exchange reserves.

Of course, it is important to ensure a positive balance in this area. Foreign trade can affect the competitiveness of a country's economy. Possession in the world market is also one of the main indicators of macroeconomic stability and plays an important role in the development of the country's economy. Another key indicator of macroeconomic stability is the stability of the exchange rate. Ensuring stability in the foreign exchange market, it is possible to increase the confidence of entrepreneurs and investors and ensure exchange rate stability based on export support. In addition, the stability of the exchange rate can be ensured by encouraging foreign investment. As a result of reforms aimed at ensuring macroeconomic stability in Uzbekistan, the volume of GDP and GDP per capita are showing an upward trend (Figure 1). In 2017, the Gross Domestic Product (GDP) of the Republic of Uzbekistan amounted to 302,536.8 billion soums and increased by 5.3% compared to 2016. During this period, GDP per capita increased by 2.7% compared to 2016. In 2018, the volume of GDP will reach 406648.5 billion soums and increased by 5.1% compared to 2017. During this period, GDP per capita grew by 3.6%. In 2019, the GDP will reach 511838.1 billion soums and increased by 5.6% compared to 2018. During this period, GDP per capita grew by 3.6%. During this period, the implementation of the Action Strategy resulted in high economic growth in these areas. Significantly, GDP grew by more than 5% during this period, and the figure remains the same. GDP per capita also grew

during this period, rising from 2.7% in 2017 to 3.6% in 2019. Gross GDP in 2019 Investments in fixed assets in relation to GDP amounted to 37.1%, an increase of 6.5 percentage points compared to 2018. This figure was 23.9% in 2017 and 30.6% in 2018. In accordance with the priorities set out in the Action Strategy, a favorable investment climate is being created in the country as a result of reforms aimed at increasing investment in the economy. As a result, the volume of investments in the economy is growing. The most important of these is foreign direct investment. Foreign direct investment plays a significant role in the economy of our country. The share of foreign direct investment is large. We know that foreign direct investment is mainly directed to the real sector of the economy. This will lead to an increase in production in the country, the emergence of new enterprises and, as a result, the creation of new jobs, reducing unemployment among the population. Ultimately, it will increase incomes and ensure economic security.

### **CONCLUSIONS AND RECOMMENDATIONS**

Ensuring macroeconomic stability and increasing investment activity are important in the development of the country's economy. These are the key indicators of macroeconomic stability, and only when these indicators are sustained can overall macroeconomic stability be achieved. The main indicators of macroeconomic stability are employment (unemployment 5-6%), economic growth, price stability (inflation), the balance of the state budget (budget deficit of up to 3% of GDP), foreign trade balance and exchange. exchange rate stability, etc. Achieving these indicators will ensure macroeconomic stability. Ensuring macroeconomic stability leads to overall economic development. The role of investment activity is important in economic development. By increasing investment activity, the volume of investments in the country's economy will increase, and as a result, production will increase, new jobs will be created, and revenues to the state budget will increase. In addition, increased investment activity will increase the country's competitiveness and have a positive impact on income growth. In general, ensuring macroeconomic stability and increasing investment activity will ensure social and economic development in the country.

As a result of reforms in Uzbekistan, macroeconomic stability and investment activity are growing. The Action Strategy for the Further Development of Uzbekistan also identifies priorities for the development of this sector, and as a result of the implementation of these tasks, the economy is developing rapidly. Reforms aimed at ensuring macroeconomic stability and increasing investment activity should ultimately serve to improve the well-being of the population. Ensuring macroeconomic stability in the country indicates the development of all sectors and industries of the economy. Therefore, ensuring macroeconomic stability in the country remains a topical issue, and macroeconomic stability in the country is being ensured on the basis of reforms in this area.

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