

The Influence of Investment Activity on The Area of The Gross Domestic Product

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ABSTRACT

This article examines the impact of investment activity on the gross regional product of the region. In addition, the impact of investment activity on the gross regional product of the Andijan region was analyzed using an econometric model, and the necessary proposals for the development of investment activity were developed

ARTICLE INFO

Received: 11st April 2023

Revised: 20th May 2023

Accepted: 20th June 2023

KEY WORDS:

Globalization, gross domestic product, investment, investment activity, econometric model, EXCEL program, factor, forecast

Introduction

The main way to achieve stable economic growth in every country that is developing due to the globalization of the economy and thereby ensure the prosperity of the people is to increase the scope of attracting foreign and domestic investments to the economy by accelerating the investment process in the country. This, in turn, enables the operating economic entities to increase the volume of goods and services and adapt them to modern market requirements in terms of quality.

The main part

This situation in the economy creates a basis for increasing the country's export potential. Taking this into consideration, the President of our country, Sh.M. Mirziyoev, in his Address to the Oliy Majlis of the Republic of Uzbekistan: "World experience shows that any country that has pursued an active investment policy has achieved stable growth of its economy. That's why investment is the driver of the economy, it is no exaggeration to say that it is the heart of the economy in Uzbek terms. We will achieve rapid development of our economy only by actively attracting investments and launching new production facilities. Positive results in the economy make it possible to systematically solve the accumulated problems in the social sphere. We must all understand this deeply and organize our work on this basis. To widely attract foreign investments, it is necessary to take measures to fully demonstrate the investment potential of our country, which should be one of the most pressing issues in our daily life" [1], emphasizing the extremely important importance of foreign investments in the development of the economy and the urgency of attracting them. There are different approaches to the term investment in the literature by economists. According to S.Vechkanov, G.R.Vechkanova, investment is a long-term investment of public and private capital in various sectors of the national economy in the country or abroad for profit. V.V. Bocharov, with a different approach, expressed

such an opinion that investment is all kinds of property and intellectual values placed on objects of business and other forms of activity, as a result of which profit (income) occurs or social effect is achieved. The concepts presented above are considered an investment as a value or resource invested in a certain object. F.S. Tumusov, explaining the essence of investment, approached the definition of this concept as follows: "Investment is the use of all social and individual capital in reproduction, not in current consumption, but as part of income, and as a result, the ultimate goal is to obtain a new, slightly higher income. or represents the achievement of social benefits in the future". In this definition, the author tries to combine not only the resource, but also the expenditure approach, explaining the investment as the result of production activity on the one hand, and the other hand, the part of the income that is not used for consumption for a certain period of time. According to S.S. Borgayakov, two aspects of investments should be considered: as a reserved category and as a flow category. Unlike different approaches to the essence of investment, the author believes that the periodic aspect of measuring indicators is the main criterion. If investment indicators can be measured independently of time (the amount of savings, the amount of capital property, the amount of output, etc.), then this category is reserved, otherwise, if this indicator is measured as a dynamic category depending on time, then this category belongs to flow. Such an approach, in our opinion, reflects the connection between the essence of "capital investment" and "investment". As mentioned above, the terms investment and capital investment are considered to be essentially the same concept. The generally accepted concept of investment is represented by the following: "capital investment" (or capital expenditure) is the financial means spent on new construction and reconstruction; technical rearmament and expansion of operating enterprises (investment of capital in production), housing, communal and cultural-household constructions (investment of capital in non-production). In this, the differences between the market and the planned economy are expressed in determining the essence of the concept of investment. The above definition of capital investment clearly expresses the description of expenses and reduces the field of investment only to investment, that is, it implies the reproduction of the main funds, their growth and improvement. In this case, there could be no distribution of resources, no homogeneity of the form of ownership, and no complete functioning of the stock market (except for government bonds). Therefore, under the conditions of the planned system of economic management, investment expenses appear in the form of expenses, and only at the same time differ only from current expenses. Determining the effectiveness of spending has not been fully considered. In our opinion, this concept is correctly defined in the Law "On Investments and Investment Activities" adopted by the Legislative Chamber of the Republic of Uzbekistan on December 9, 2019, and approved by the Senate on December 14, 2019. According to it, investments are tangible and intangible assets and rights to them, including rights to intellectual property objects, as well as reinvestments, which are invested based on risks in the objects of the social sphere, entrepreneurship, scientific and other types of activities to profit by the investor, and they may include the following :

- funds, including money (including foreign currency), targeted bank deposits, shares, stocks, bonds, promissory notes and other securities;
- movable and immovable property (buildings, structures, equipment, machines and other tangible assets);
- intellectual property rights, including technical, technological, commercial and other knowledge, formalized in the form of technical documents, skills and production experience, patented or unpatented (know-how), necessary for organizing this or that type of production, as well as other valuables not prohibited by the legislation of the Republic of Uzbekistan;

Research methods

Methods such as induction and deduction, targeted development, systematic and comparative analysis, graphical representation, evaluation, abstracting, correlation and regression were widely used to systematically analyze the problem raised in the scientific article and to develop scientifically based conclusions and recommendations based on the systematization of the analysis results.

Analysis and results

Domestic and foreign investments play an important role in modernizing the economy of the Republic of Uzbekistan, updating it from a technical and technological point of view, radically changing and diversifying its structural structure, and providing it with highly stable and proportionate economic growth. Up to now, several measures and activities are being carried out within the scope of investment activity in our country. Among these we can include:

- speeding up the process of establishment of industrial enterprises;
- encouraging the participation of private capital in financing the construction of industrial facilities;
- improvement of the meliorative condition of irrigated lands in agriculture, implementation of structural changes in the field, modernization of production, technical and technological equipment;
- further development of social infrastructure, transport and communication system, construction of houses in rural areas based on modern projects;
- implementation of investment projects with a faster return on capital funds;
- create conditions for economic entities to operate freely;
- further liberalization of access to information and data related to investment activity and others.

Such large-scale measures and measures, which are being carried out to accelerate the investment process at the scale of our republic, are of great importance in the development of the economy of the regions of the country. We can consider this in the case of the Andijan region. To confirm our opinion, we use the statistical data in the table below.

Table 1. Information on investments made in the Andijan region over the last 17 years

Years	GDP Y (billion sum)	INVESTMENT X (billion sum)
2005	10,251	6,653
2006	11,731	7,742
2007	13,418	8,925
2008	15,315	10,205
2009	17,421	11,582
2010	19,736	13,055
2011	22,261	14,625
2012	25,0	16,292
2013	17,233	11,415
2014	19,121	13,211
2015	21,23	15,198
2016	23,546	17,376
2017	26,062	19,752
2018	28,775	22,324
2019	31,685	25,093
2020	34,792	28,06
2021	38,1	31,224
2022	41,61	34,587

According to the data in the table, the amount of investments in the economy has been increasing year by year in the region over the last 17 years. For example, in 2006, investment in the regional economy amounted to 7.742 billion. 1.089 billion soum compared to 2005. It increased by 116.36% to sums. This figure was 16,292 billion sums in 2012, compared to 9,639 billion sums in 2005. the rate of growth in terms of soum was 244.9%. In 2022, the total amount of investment in the regional economy is 34,587 billion. amounting to soum and increased by 5.2 times compared to 2005. Now, considering the growth rates of the region's gross territorial product in relation to these years, they are 114.44%, 243.9%, and 405.9%, respectively. Summing up from what has been said, we can say that the rapid growth of the region's gross regional product at such a level is

closely related to the amount of investment in the economy. It is worth noting that such a strong connection between these two economic indicators can be justified using the econometric model based on the data given in the table above. For this, you can use the following table found using the EXCEL program.

Table 2. A strong connection between the volume of gross regional product and the amount of investment in the economy of the region

RESULTS								
<i>Regression statistics</i>								
Multiple R	0,994034							
R-square	0,988105							
Normalized R-square	0,987312							
standard error	0,972403							
Observations	17							
Analysis of variance								
	<i>df</i>	<i>SS</i>	<i>MS</i>	<i>F</i>	<i>Significance F</i>			
Regression	1	1178,164	1178,164	1245,986	7,49E-16			
Remainder	15	14,18352	0,945568					
Total	16	1192,348						
	<i>Odds</i>	<i>standard error</i>	<i>t-statistics</i>	<i>P-Meaning</i>	<i>Lower 95%</i>	<i>Upper 95%</i>	<i>Lower 95,0%</i>	<i>Upper 95,0%</i>
Y-intersection	4,976479	0,586806	8,480627	4,17E-07	3,725733	6,227226	3,725733	6,227226
6,653	1,072405	0,030381	35,29853	7,49E-16	1,00765	1,137161	1,00765	1,137161

Based on the results in the table, it can be said that there is a strong connection between the regional gross domestic product and the amount of investment in the regional economy. Because the degree of connection between any interdependent indicators is described by the correlation coefficient. The closer this coefficient is to 1, the higher the dependence. According to the table, this coefficient for our research object is 0.940614. This indicates the correctness of the stated opinion.

$$Y = 4,976479 + 1,072405X$$

Based on the developed model, it can be said that increasing the amount of investment in the region's economy by one unit allows for increasing the gross regional product by 1,072 units. Alternatively, it can be said that

the forecasting process can be carried out with the help of a structured econometric model. At the end of the research, we consider it permissible to emphasize that the regional gross regional product is influenced by several other factors besides the investment factor, so the use of multi-factor correlation analysis methods in the research of this indicator also allows for making good conclusions.

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