



## Article

# Real Investments as a Factor in Increasing The Development of The Country's Economy

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**Abstract:** This article examines the role of real investments as a critical factor in enhancing the sustainable development of a national economy. In the context of globalization and growing international competition, the modernization of economic sectors and effective capital allocation are indispensable for long-term economic growth. Real investments, directed toward the creation and improvement of material assets—such as infrastructure, industrial facilities, and technological innovations—form the basis of productive capacity expansion and improved labor efficiency. The article analyzes how targeted real investment strategies can serve as catalysts for increasing GDP, improving employment rates, and developing regional economies. It also highlights the growing importance of science, education, and innovation-related expenditures in global investment portfolios, especially in developed countries. The paper explores Uzbekistan's investment dynamics, emphasizing reforms aligned with the "Uzbekistan-2030" strategy and the growing role of foreign direct investment in industrial sectors such as textiles, services, and construction. Statistical data are presented to illustrate the growth in capital investments across various regions of Uzbekistan. Furthermore, the article addresses challenges such as inefficient fund allocation, lack of strategic planning, and the underutilization of investment potential. By using logical and comparative analysis, the study draws attention to the importance of developing a favorable investment climate, strengthening public-private partnerships, and implementing structural reforms to increase real investment efficiency. The author concludes that real investments are vital not only for achieving macroeconomic stability but also for stimulating innovation, improving the population's welfare, and enhancing the country's overall global economic competitiveness.

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## 1. Introduction

Development of the national economy in the context of globalization is impossible without effective investment in international economic processes, which, in turn, requires constant modernization of national production, implementation of innovations, and development of advanced technologies. In the current situation, a special role is given to real investments aimed at creating and modernizing material assets, which play a key role in ensuring long-term economic growth. These investments become the basis for expanding production capacity, increasing labor productivity, developing infrastructure, and implementing innovations. However, in a number of countries, the low efficiency of real investments prevents them from achieving their full potential. Irrational use of funds,

insufficient coordination of efforts, and the lack of a strategic approach to planning significantly reduce the return on investment. As a result, economic growth slows down, social and infrastructural gaps increase, and the economy becomes less competitive[1]. The theoretical aspects of investing were studied by I.V. Anokhov, A.Yu. Belikov, I.Yu. Novikova, T.V. Svetnik, I.B. Koroleva, N.V. Antipina, the issues of the influence of foreign investments on the country's economy were considered by O.A. Chepinoga, A.P. Alekseenko, and the regional aspect was studied by D.S. Kadachigova, E.Yu. Bashkueva, A.F. Shupletsov, Yu.A. Skorobogatova. In the textbook "Investments", one of the authors of which is the Nobel Prize laureate in economics W.F. Sharpe, the meaning of the term "investment" is interpreted as follows: "parting with money today for the sake of making a profit in the future" [2]. The authors show that it is possible to invest in both real and financial assets. Investments at the micro level and in a rather narrow sense are considered by K. McConnell and S.L. Brew, defining them as "expenses on the construction of new factories, on long-life machines and equipment, etc." [3] According to national economists N.G. Karimova and R.Kh. Khodjimatoeva, "real investments represent a set of investments in material objects, which are understood as not only investments in production facilities or services, but also in other types of non-production facilities and non-commercial sectors. In particular, investments in socially useful industries" [4].

## 2. Materials and Methods

In the process of studying this problem, we used logical analysis, scientific observations, innovative methods, and comparative analysis. To analyze the role of real investments in the development of Uzbekistan's economy, a combination of qualitative and quantitative research methods was employed. The study utilized logical analysis, statistical data analysis, comparative evaluation, and visual representation of trends. Data was collected from official statistics, national economic reports, and scholarly literature [5]. The key focus was to evaluate the volume, structure, and regional distribution of real investments, as well as their correlation with economic indicators such as GDP growth, employment, and industrial development.

The study is structured around the following methodology steps:

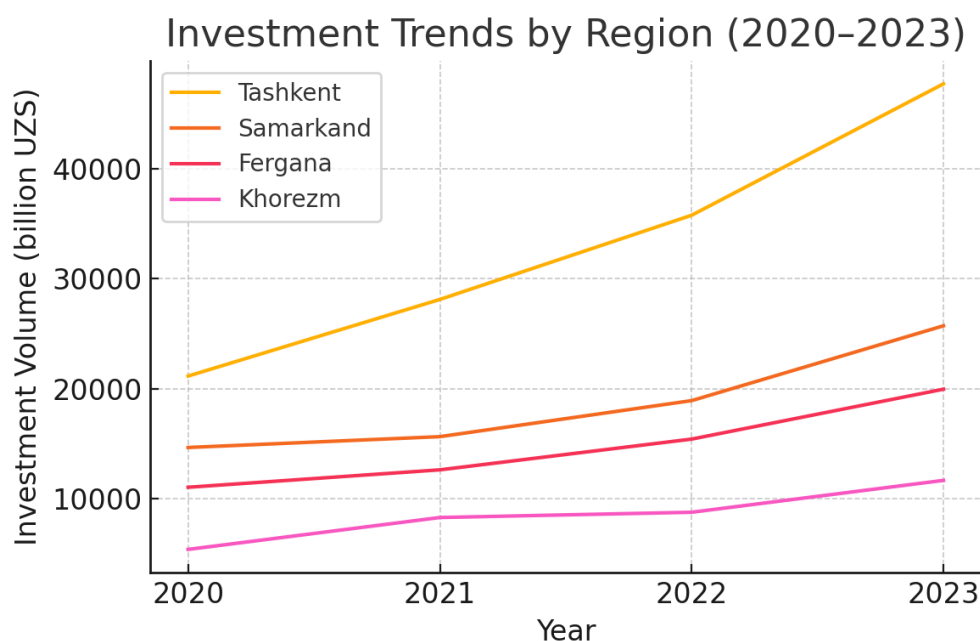
- Collection of regional investment data from the State Statistics Committee of Uzbekistan.
- Analysis of trends in investment volumes over a four-year period (2020–2023).
- Comparison of investment dynamics across key economic sectors.
- Visualization of data through tables and diagrams.
- Interpretation of findings and correlation with economic outcomes.

This analysis uses data presented in Table 1, which shows the volume of investments in fixed capital by region, covering the years 2020 to 2023.

**Table 1.** Volume of Investments in Fixed Capital by Region (billion UZS).

| Region    | 2020    | 2021    | 2022    | 2023    |
|-----------|---------|---------|---------|---------|
| Tashkent  | 21148.6 | 28113.6 | 35767.7 | 47709.3 |
| Samarkand | 14656.4 | 15641.6 | 18917.1 | 25717.1 |
| Fergana   | 11040.0 | 12625.2 | 15419.3 | 19955.0 |
| Khorezm   | 5391.8  | 8292.0  | 8769.7  | 11666.1 |

The regional investment trends over this period are visually summarized in Figure 1, which presents a comparative diagram of investment trends by region from 2020 to 2023.



**Figure 1.** Investment Trends by Region (2020–2023).

### 3. Results and Discussion

Real investments involve the creation of a material prerequisite for entrepreneurial activity, an increase in the operating capital occurs, which through the production and sale of goods is transformed into additional profit and forms income from invested funds. Currently, the cost of scientific research, science, education and training in the structure of real investments in the world is growing. For example, in the USA, Japan, German and other developed countries, the growth rate of investment in science and research is higher than investment in fixed capital [6]. In the Development Strategy of Uzbekistan for 2023-2030, measures to improve the competitiveness of enterprises of the national economy both in the domestic and international markets occupy an important place, since this issue is important in the context of globalization. Of course, the need to modernize and diversify the economy is directly related to the ultimate goals of the economic reforms implemented in Uzbekistan, changes in the conditions of economic activity of enterprises at the macro and micro levels, but the impact of increased market competition on the international level cannot be denied [7]. Real investments are aimed at physical possession of a particular object, as well as its possible development in order to generate income. In this case, the investor either directly owns the material value or invests in its creation and development (in the case of scientific developments, patents, etc.) [8]. These investments should generate income or ensure the achievement of a positive result. Real investments are more related to expensive projects, so most often business owners or enterprises themselves invest money in them. Investments as an economic category mean the placement of previously accumulated funds in business entities in order to increase capital and represent economic relations that arise between participants in investment activities during the implementation of investment activities, projects [9]. Accumulated funds can be realized through financial intermediaries, without directly entering the real sector of the economy as investments. In such cases, investments first appear in the form of financial investments, and then become real investments. Also, real investments are carried out mainly in the form of capital investments and include expenses on new construction, expansion, equipment, inventories, and project products [10]. At the macroeconomic level, real investments are a part of gross expenditures, consisting of expenses on new means of production, investments in housing, and an increase in material reserves. Real investments are the part of GDP that is not consumed in the current period and ensures capital growth

in the economy. Real investments in the economy of Uzbekistan are constantly increasing. Industrial and processing enterprises play their role as creators of added value in economic development. The textile industry employs 370 thousand people, exporting products worth 1.6 billion US dollars. It is planned to double the volume of exports in the next three years. Since 2020, the export of cotton fiber has been stopped, and it is processed at the country's enterprises [11]. In addition to domestic financial resources, foreign direct investment is used in the network. At the same time, the development of the service sector is one of the important factors in the growth of the country's economy, employment and income of the population. As a result of the implementation of measures to reform the service sector, this sector has become the fastest growing sector of the economy in a short period of time [12]. The share of the service sector in GDP increased from 39.0 percent in 2021 to 40.5 percent in 2022. As a result of economic liberalization, investment processes should be focused on increasing the competitiveness of the national economy, increasing the efficiency of production in the regions and at enterprises. Their implementation ensures rapid growth of GDP, employment and welfare of the population. Therefore, in 2023-2030, the activities carried out in the priority areas of the Development Strategy of the Republic of Uzbekistan, in addition to setting long-term fundamental goals, also determine the means and ways to achieve these goals. Among them, the transfer of production to modern technologies and the constant increase in its efficiency are important. Real investments are aimed at modernizing production at enterprises, technical and technological renewal [13]. Thus, the new capacities created will contribute to the development of the economic production and sales potential of the region. As a result, the production and assortment of new types of products is carried out. Consistent structural policy, implemented as a result of modernization of the leading sectors of the country's economy, has a positive effect on the structural structure of the economy [14]. If we consider the volume of investments in fixed capital in Uzbekistan, we can see that it increases every year (Table 2). Among the regions, the highest indicator in 2024 was observed in the Tashkent region in the amount of 47709.3 billion soums, the lowest indicator in the Khorezm region - 11666.1 billion soums.

This investment trend, detailed in Table 2, highlights not only the volume increase but also the shifting distribution of investments across different regions and sectors, underscoring the priority areas for Uzbekistan's economic development.

**Table 2.** Volume of investments in fixed capital in the Republic of Uzbekistan  
billion sum.

| No |                            | 2020 y.  | 2021 y.  | 2022 y.  | 2023 y.  |
|----|----------------------------|----------|----------|----------|----------|
| 1  | Republic of Uzbekistan     | 210195,1 | 239552,6 | 266240,0 | 356071,4 |
| 2  | Republic of Karakalpakstan | 7089,8   | 8110,7   | 10254,0  | 12959,2  |
| 3  | Andijan region             | 9622,6   | 11176,6  | 14339,8  | 18639,1  |
| 4  | Bukhara region             | 12183,9  | 20528,3  | 21638,3  | 31030,5  |
| 5  | Dzhizak region             | 12545,4  | 9233,6   | 10373,9  | 14970,9  |
| 6  | Kashkadarinskaya region    | 20557,6  | 17359,1  | 16012,8  | 21138,0  |
| 7  | Navoi region               | 15688,4  | 15020,1  | 17958,1  | 26398,6  |
| 8  | Namanganskaya region       | 12007,2  | 12982,0  | 14775,1  | 19220,1  |
| 9  | Samarkand region           | 14656,4  | 15641,6  | 18917,1  | 25717,1  |
| 10 | Surkhandarinskaya region   | 10068,2  | 12037,8  | 11569,4  | 18307,7  |

|    |                      |         |         |         |         |
|----|----------------------|---------|---------|---------|---------|
| 11 | Syrdarinskaya region | 7191,9  | 8051,8  | 12354,6 | 15871,8 |
| 12 | Tashkent region      | 21148,6 | 28113,6 | 35767,7 | 47709,3 |
| 13 | Fergana region       | 11040,0 | 12625,2 | 15419,3 | 19955,0 |
| 14 | Khorezmskaya region  | 5391,8  | 8292,0  | 8769,7  | 11666,1 |

The development of the following areas is mainly taken into account for the economic development of the region: the development of industrial building materials; the textile industry; the electrical industry; the food industry; the chemical industry; and the metallurgical industry [15]. This can be achieved by increasing the volume of real investments by the regions.

#### 4. Conclusion

Effective real investments are the basis for sustainable economic development and competitiveness of the country. They not only increase the volume of national production, but also improve infrastructure, promote innovation, and raise the standard of living of the population. To realize their potential, it is necessary to consolidate the efforts of the state, business, and society, aimed at eliminating existing barriers and creating a favorable investment environment. Only with this approach will investments become a powerful engine of economic growth and progress. The effectiveness of real investments also depends on the terms of their financing. The terms of financing are directly related to the performance indicators. At present, the financial and credit system in our country is the main and sustainable means of working with entrepreneurs. Scientific analysis of its factors is necessary for the development of investment activities. Such analysis allows you to choose the most optimal method of directing funds and determine the investment policy suitable for each region. Since, in the modern competitive environment, asset management is constantly being revised to minimize costs. To achieve economic growth, it is important not only to increase investment volumes, but also to correctly select their directions and structure.

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