

**“IMPROVING ECONOMIC MECHANISMS FOR POVERTY REDUCTION  
THROUGH INCREASED INVESTMENT ACTIVITY” (ON THE EXAMPLE OF  
SURKHANDARYA REGION).**

***Saparov Ismat Chorshanbiyevich,***

*Lecturer, Department of Economics,*

*Termez Economic Service University.*

**Abstract:** Today, large-scale work is being carried out in Uzbekistan to increase investment activity. A number of projects are being implemented to ensure the proper use of investments. This article describes how to increase investment activity and thereby reduce poverty.

**Keywords:** Economy, politics, investment, market, territory, entrepreneur, farmer, infrastructure, profession, mechanism, education, Uzbekistan, Surkhandarya, region, Afghanistan, Uzun, Kyzylrik, Baysun, Sherabad, China, Russia.

In recent years, our country has been implementing large-scale reforms to increase investment activity. In particular, the legislation on the protection of investor rights has been improved. Free economic zones (FEZs): Customs and tax benefits are provided for enterprises operating in FEZs. Large-scale investment projects are being developed and implemented in each region. Taking the example of Surkhandarya region, industrial clusters are developing in Surkhandarya. Infrastructure for investors is being created in Denov, Boysun and Sherabad districts. Investors from China, Russia, South Korea, Iran and other countries have been attracted and are investing in the fields of electrical engineering, building materials, and processing of agricultural products. Investments are being attracted for the construction of water-saving technologies and greenhouses in Uzun, Kyzylrik, and Angor districts. Termez is becoming an international logistics center. Through the "Termez Cargo Center" project, cargo transportation is increasing in the border area with Afghanistan. Surkhandarya is a region located in the south of Uzbekistan. In addition to being a resource-rich region, Surkhandarya is also a region with a low economy. There are also regions with a high level of poverty. The main reasons for poverty are:

Lack of jobs.

Low economic activity.

Technological obsolescence and insufficient infrastructure.

Low level of education and skills.

Although there are enough natural resources, the level of their processing is low.

The solution to this can be to eliminate poverty by increasing investment activity. Work is being carried out in this direction in Surkhandarya region. In particular, light industry and food industry enterprises are being opened in industrial zones established in Denov, Termez and Sherabad, creating jobs for the local population. In districts with historical and natural resources such as Boysun, Sherabad, and Jarkurgan, local residents are being attracted to provide services through ecotourism and cultural tourism projects. Also, through the "Every Family is an

Entrepreneur" program, sources of income are being created at the household level. There are 6 main mechanisms for poverty reduction. These are:

1. Job creation
2. Development and support of entrepreneurship
3. Education and vocational training
4. Improvement of the social protection system
5. Territorial development and infrastructure
6. Special attention to women and youth.

To create jobs, it is necessary to attract investments in the industrial and service sectors. To ensure employment in rural areas, it is necessary to develop agriculture, animal husbandry, and crafts. It is necessary to train young people in modern, market-relevant professions. Reducing poverty by increasing investment activity means improving the standard of living of the population. Investments inject funds into the economy.

Local or foreign investors invest in industry, agriculture, services and other sectors. Investments create new jobs. This is especially important in regions such as Surkhandarya region. The reason is that there are many labor resources there, but employment opportunities are limited. By increasing investment activity, it is possible to obtain stable funds. By increasing investment activity, support mechanisms for entrepreneurship will also expand. Along with investments, roads, electricity networks, water supply, and the Internet will also improve. Surkhandarya region is located in the southern part of Uzbekistan and is considered a region with agricultural, energy, trade and transit potential. According to official statistics:

Population: over 3 million

Poverty rate (2023): around 15–18%

Unemployment rate: around 10%

A large part of the working-age population is migrating abroad for labor

These indicators indicate the urgency of ensuring employment and reducing poverty in Surkhandarya by increasing investment activity. Current status of investment activity in Surkhandarya region A number of major projects are being implemented in 2022–2024:

Project for the international cargo terminal “Termez Cargo Center”

Construction of the railway line “Termez-Mazar-i-Sharif” (will increase regional transit capacity)

Foreign investments are being attracted in the energy, textile and agricultural clusters

Investment indicators:

Total investment volume in 2023: 8.2 trillion soums

Of which, foreign direct investment: 1.4 trillion soums.

To increase investment activity and reduce poverty in Surkhandarya region, it is necessary to expand free economic zones. For example, in Termez, logistics and production zones that provide opportunities for trade with neighboring countries. It is necessary to support the entry of

local residents into the labor market along with new investment projects through the "Regional Employment Program". It is necessary to establish interest-free or 2-4% annual loans for poor families. Investment projects implemented in Surkhandarya region in recent years are important for the regional economy. In particular, large-scale projects in the industrial and infrastructure sectors are contributing to the creation of new jobs, the development of local entrepreneurship, and most importantly, increasing the income of the population. As the investment climate improves in Surkhandarya, small business and private entrepreneurship are becoming more active. A significant decrease in poverty is observed in districts where investment flows have increased.

#### **List of used literature:**

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