

CHARACTERISTICS OF INVESTMENT PROCESSES IN THE COUNTRY

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Abstract: The article examines the system of formation of investment activity in the country and the factors that reflect investment activity. The impact of investment activity factors in the formation of investment potential of the regions was assessed. The systemic development processes between the system of formation of the target development hierarchy of increasing investment activity and the strategy of its implementation are studied. The country has developed scientific proposals and practical recommendations to improve the integration of the specifics of the investment process and the conditions and factors of its development.

Key Words: Investment, investment project, investment environment, macroeconomic environment, investment potential, investment resource, investment activity, investment policy, social infrastructure.

Introduction

In the context of economic liberalization, it is necessary to constantly increase comprehensive measures to ensure the sustainable development of the country. One of such important events and directions is the organization of effective investment activities in all sectors of the country, the investment climate, process, potential, activity and attractiveness.

Carrying out an active investment policy aimed at modernization of production, technical and technological renewal, implementation of investment projects for the development of production and social infrastructure, direction and distribution of cross-sectoral investments in the tasks identified in the Action Strategy for the five priority areas of development of the Republic of Uzbekistan in 2017-2021 improvement of econometric modeling methodology plays an important role in the development of models for determining investment efficiency, risk and risk levels [1]. From this point of view, the active development of the economy requires large-scale investments.

As the President of the Republic of Uzbekistan Sh. Mirziyoyev noted: “World experience shows that a country that pursues an active investment policy has achieved sustainable growth of its economy. That is why investment is the driver of the economy, in Uzbek, the heart of the economy. We will achieve rapid development of our economy only by actively attracting investment and launching new production facilities. Positive results in the economy provide an opportunity to systematically address the problems that have accumulated in the social sphere. We all need to understand this deeply and organize our work on this basis.

In recent years, 18 interstate official visits have been made and agreements have been reached on 1,080 projects worth \$ 52 billion. Joint investments with the World Bank, the European Bank for Reconstruction and Development, the Islamic and Asian Development Banks, and other international financial institutions totaled \$ 8.5 billion.

Research Methodology

The article used comparative analysis as well as induction and deduction assessment methods. Using the comparative method, the data on tax benefits were analyzed and scientific conclusions were made.

Analysis And Discussion Of The Results

At present, a system of measures has been developed to increase investment activity in the country in the following four groups, based on the best practices of countries operating on the principles of free economic relations and the country.

The following measures are important in the organization of the system of formation of investment activity in the country:

- Identification of financial resources and sources of investment and creation of favorable conditions and benefits for their attraction;
- Formation and support of market entities providing effective investment;
- Creating a macroeconomic environment that attracts resources that meet real investment needs;
- Encouraging the subjects of the investment process by the state.

Table 1

Country investment activity formation system *

Identify financial resources and sources of investment and create favorable conditions and incentives for attracting them	Forming and supporting market entities that provide effective investment	Creating a macroeconomic environment that attracts resources that meet real investment needs	Encouraging the subjects of the investment process by the state
<ul style="list-style-type: none"> • domestic funds of farms; • state budget funds; • funds of foreign companies; • international financial assistance; • bank loans. 	<ul style="list-style-type: none"> • formation and development of business entities based on different forms of ownership; • continue privatization in sectors of the economy; • supporting the attraction of direct investment. 	<ul style="list-style-type: none"> • creation of favorable conditions by the state for attracting funds of the population to investments; • reducing current inflation; • state budget deficit and public debt reduction; • implementation of economic policy against monopolies and corruption; • reduction of bank interest rates; • creation of favorable legal, organizational and economic conditions for active participation of all forms of entrepreneurship in investment processes. 	<ul style="list-style-type: none"> • economic incentives to attract capital to all producers; • conducting an effective depreciation policy and reducing the tax burden; • formulation of priorities of targeted investment policy; • providing practical assistance to investors in capital accumulation; • guarantee to investors; • provide practical assistance in the development of leasing relationships.

* **Source: The table was developed by the author.**

Sustainable development in sectors of the economy depends on the pace and amount of long-term and short-term investment in working capital for the purchase, reconstruction, construction of high-performance, modern fixed assets, depending on the specifics of the industry.

The ratio and amount of long-term and short-term investments also play an important role in increasing investment activity in sectors of the economy. Because the low investment attractiveness of the industry does

not fully allow to attract investment in fixed assets. In order to achieve priority development of the country's economy, strengthening its material and technical base, attracting sufficient investment in the creation of effective agricultural technology and intellectual property is a necessary process in the context of economic liberalization.

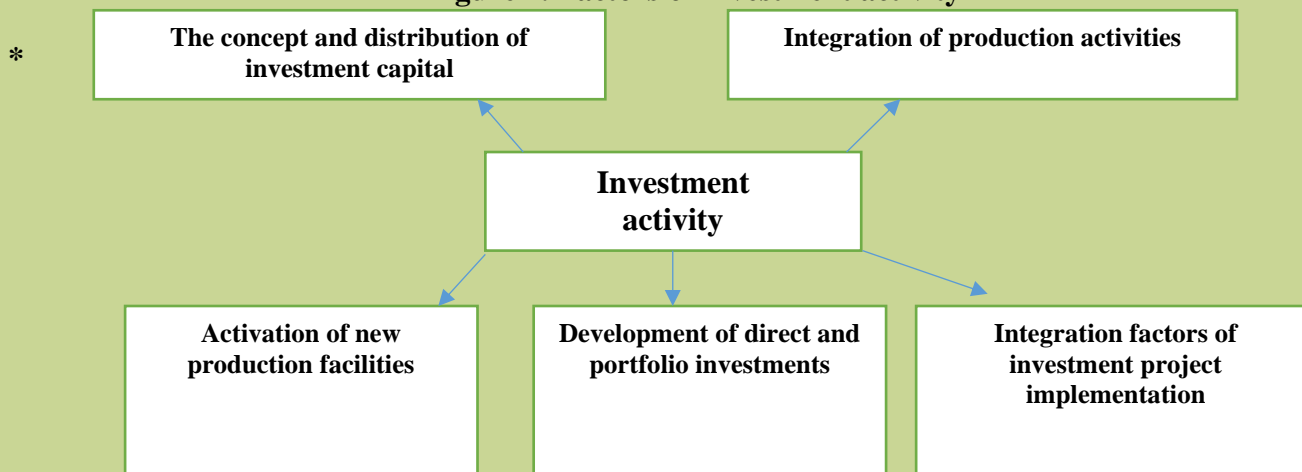
The positive implementation of the various factors mentioned above will allow the active inflow of foreign investment. This, of course, is more jobs, more income, more opportunities for economic growth. In addition, the most important thing is that foreign investors not only bring capital with them, but also bring advanced knowledge and experience from their home countries. This will also enable the country's future economic growth.

There are two important aspects to consider when assessing investment attractiveness. The first is the investment attractiveness of investing in a particular facility. It analyzes the economic situation of the existing sectors in a specific regional system. In conducting economic analysis, the key indicators for determining the effectiveness of investment projects and programs are assessed.

The second is the investment attractiveness of the regional economic system. The following cases will be analyzed:

- existing legal and regulatory framework,
- political situation,
- investment infrastructure,
- socio-economic conditions,
- degree of investor protection,
- tax rate,
- strategic and administrative resources.

Figure 1. Factors of investment activity *



Source: The table was developed by the author.

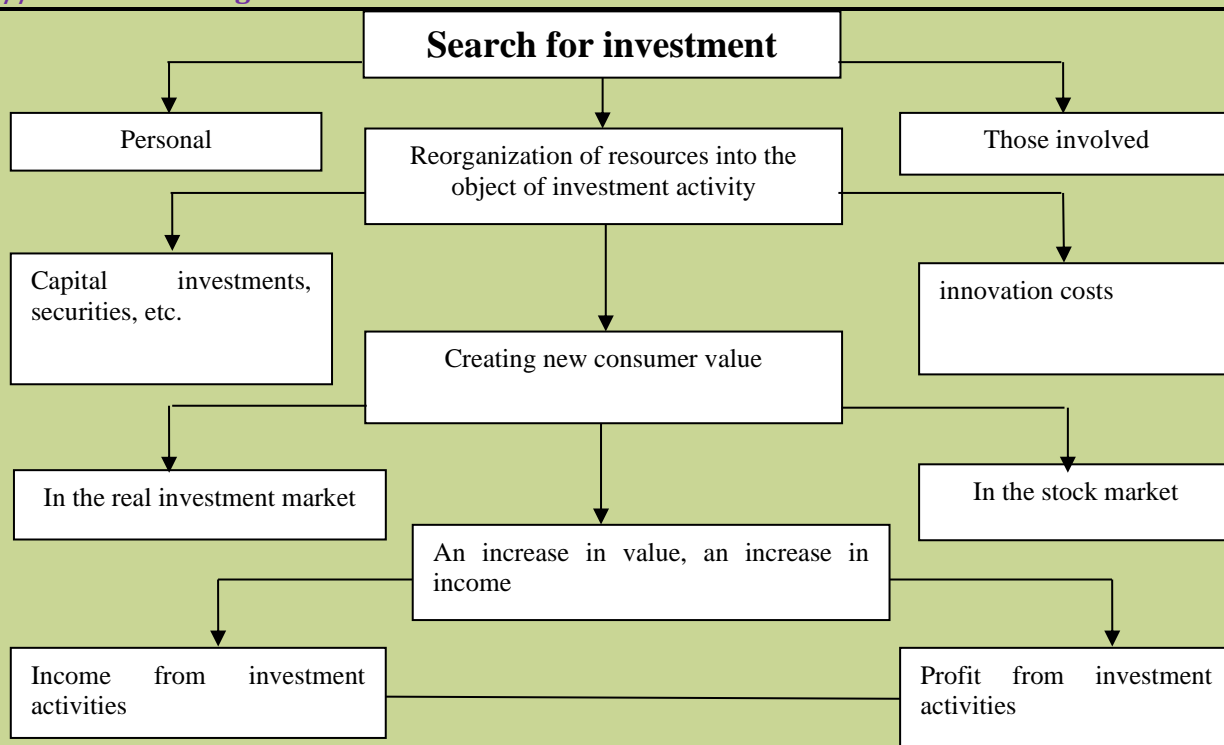


Figure 2. Mechanism of interdependence of concepts of investment activity *

* Source: The table was developed by the author.

As mentioned above, investment activity is an economic category, which is reflected in the impact on investment activity through objective and subjective data.

Economist T.M. Smaglyukova distinguishes from all indicators of investment activity that meet the requirements of the complex assessment. According to him, these indicators are included in the factors of investment activity, which reflect all aspects of the investment process.

The sum of formed indicators covers external and internal factors of activity of regions as economic system and objects of investment.

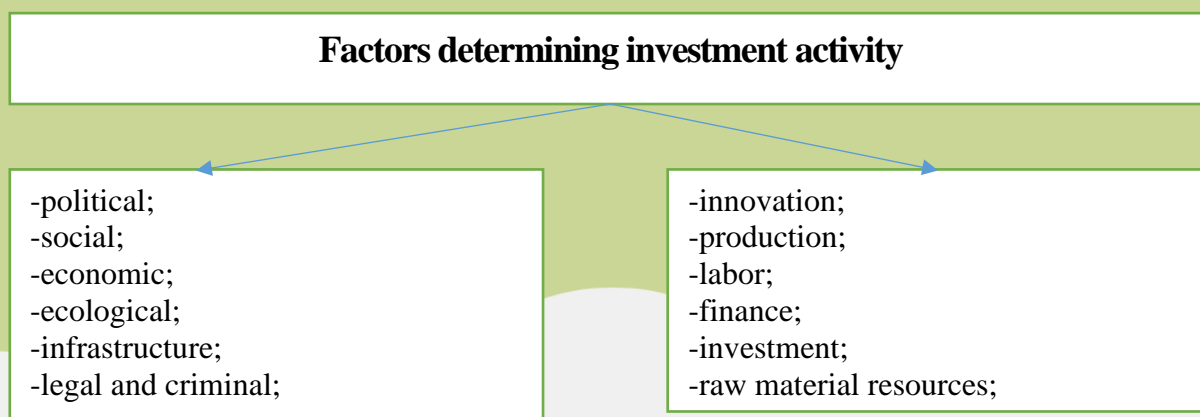


Figure 3. Factors determining the investment activity of the regions *

* Source: The table was developed by the author.

In his opinion, the level of risk of investments can be analyzed using all the mentioned factors. Political, social, infrastructural, legal and criminal, innovative and resource-raw factors are excluded from this list to assess the level of risk

of investments at the industry level. This is explained by the fact that they do not have a sufficient influence on the formation of the indicators under analysis.

The investment potential category has long been interpreted as an opportunity to invest in assets that have been used for a long time, including securities to increase income or other economic outcomes.

In our opinion, considering it as a multi-stage process of investment activity, there is a need to clarify the concept of "investment process". In this case, it is necessary to highlight the following stages in the investment process:

- search for investment resources (both personal and borrowed) - the first stage;
- the process of converting resources into capital investments (expenditures), or the conversion of investments into a specific object of investment activity (actual investment) - the second stage;
- conversion of investments into capital gains, which characterizes the final consumption of investments and the acquisition of new consumption value (in the form of commissioned facilities and production facilities) - The third stage;
- the ultimate goal of investment is to increase the value of capital in the form of profit (income) - the fourth stage.

The division into such stages allows not only to reveal the essence of the investment process, but also to determine the mechanisms of its provision.

The existence of the first stage provides such an opportunity when it is clear which sector of the financial market is the main source of funds for investment activities. At this stage, depending on the mechanism of investment activity, we can distinguish two main categories of the investment process:

- investment process based on the interaction of the banking system and the real sector of the economy. In this case, along with the own funds of business entities, the funds of commercial banks are the source of investment;

- based on the interaction of the real sector with the securities market investment process. In this case, investment activity is provided by stock market operations.

Let's take a closer look at the highlighted categories of the investment process.

The first category is characterized by the active use of the banking system in the investment process. The banking system can participate in the investment process in two ways:

1. Funds are accumulated and re-formed for investment through private banks, while private banks form financial-industrial groups, as well as act as independent credit institutions.

2. Investment support for economic growth in priority areas shall be provided through state investment banks operating as development institutions.

The first way for private banks to participate in the investment process has long been formed and is carried out by two models - large commercial banks work closely with manufacturing enterprises, financial and industrial groups are formed. The role of banks in the financial and industrial groups is determined by the main purpose of the bank as an institution engaged in the collection of funds, their placement on a payment basis, the implementation of settlements between customers. Typically, banks and businesses fall into one group through a corporatization instrument. Such a model of stimulating investment processes helps to turn funds into investments. The positive side of this model is that it provides a high level of fundraising and resource mobilization in promising areas of economic growth. Such a model of the organization of investment processes was used in post-war Germany and Japan and contributed to their successful development. The disadvantage of the model is the high sensitivity of financial and industry group leaders to making wrong investment decisions, as well as the risk of overproduction of production chains and re-accumulation of capital as their basic technologies become obsolete.

The dynamics of the investment process requires the use of flexible means of coordinating it, and they must be applied to all stages of it. Such coordination has a number of tasks, the main of which are:

- to create conditions for the potential investor to accumulate free funds;
- creation of attractive sectors, regions and enterprises in the economy for investors;
- creation by the state of legal conditions that will help to attract investments to the economy;
- the potential investor can include the creation of conditions for dynamic development, expansion of production and investment profits and returns, and so on.

The following figure shows the factors that reflect investment activity:

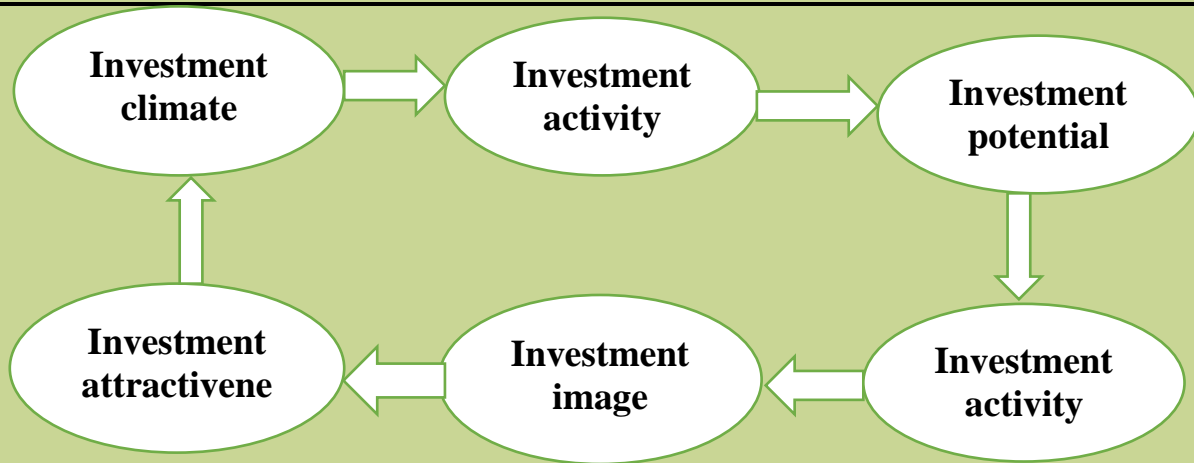
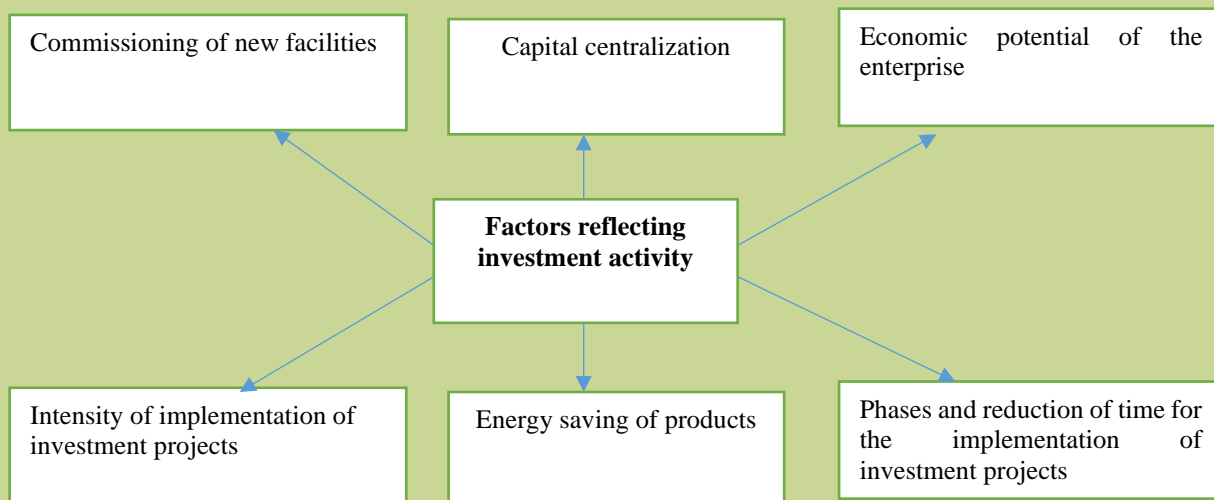


Figure 4. Factors reflecting investment activity *

* **Source: The table was developed by the author.**

The solution of these tasks is the responsibility of investors, investment intermediaries, recipients of investments, regional and local authorities. At different stages of development of the country, different tools and methods of coordination of the investment process are used, their combination and proportion form the investment mechanism.

The investment mechanism includes the means of an interactive system of interaction, designed specifically for investment activities at all levels in the interests of expanding existing production or advancing new production. The investment mechanism consists of the following structural elements: resource, legal, motivational, organizational.



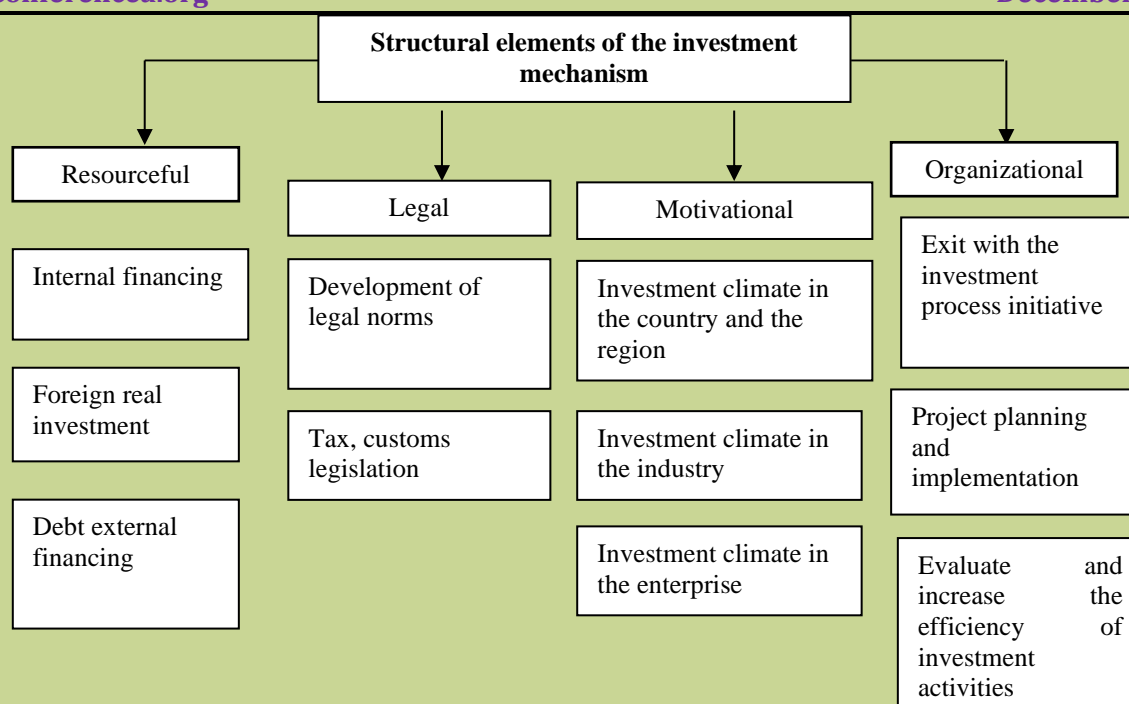


Figure 5. Structural elements of the investment mechanism *

* **Source: The table was developed by the author.**

Resource provision of investment financing operates in three forms: internal financing (capital investments), external real investments and debt external financing (loans and deposits). The source of domestic investment is a personal charter fund, income deductions, depreciation, insurance coverage of fixed assets, financial resources of high-ranking holdings and joint-stock companies, etc. [5]. Foreign investment will also come from a variety of sources: federal, regional and local budgets, funding from business development funds; foreign investment in the form of financial resources, material resources, intangible assets; direct investments of international financial institutions and organizations; various forms of deposits (loans from the state, funds, banks, other organizations, bonds and promissory notes) [6]. The organizational structure of the investment mechanism involves the creation of a structure and conditions that facilitate the initiation of the investment process, planning and implementation of various projects, evaluation and implementation of measures to improve the efficiency of investment activities [7]. Legal norms and tax legislation are of great importance for investment activities and promote the efficient placement and movement of capital.

Conclusions And Suggestions

The main directions of the state policy aimed at improving the investment climate are:

- support of first-class research centers in the field of innovation and research activity, information technology;
- creation of a technopark and an innovation cluster;
- formation of favorable infrastructure and financial conditions for foreign investors. These include: the provision of grants for the implementation of projects in the field of land, research, development and vocational training for the construction of industrial enterprises, capital subsidies to cover the cost of purchasing land, buildings and technological equipment, tax incentives;
- formation of public-private partnership institution for the development of investment process infrastructure.

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- the potential investor can include the creation of conditions for dynamic development, expansion of production and investment profits and returns, and so on.

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