

Investment Environment for Financing Investment Activities

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Abstract: In the article, conclusions and proposals were formed on the issues of financing investment activities, creating a favorable investment environment, factors affecting investment activities, analysis of the activities of enterprises with participation of foreign investments and their improvement.

Key words: investment, investment financing, investment policy, investment environment, investment activity, investment activity qualitative indicators.

Introduction

In the next period in our country, the trend of deepening the structural changes in the economic sectors and accelerating the innovative activities of regional enterprises, the weight of the share of state property, and the increase of the share of the non-state sector in the value of the gross domestic product (GDP) was ensured. As a result, the composition of financial sources in the formation of state budget revenues has increased, the development of mechanisms for the formation of decentralized market entities from the centralized distribution of capital funds, the establishment and development of new industries based on the state's investment policy, and the provision of the population's demand for consumer goods, new services and workplaces at the highest possible level. an opportunity was created.

Decree of the President of the Republic of Uzbekistan dated January 28, 2022 No. PF-60 "On the new development strategy of Uzbekistan for 2022-2026"[1] was adopted. In addition, on December 25, 2019, the new version of the Law "On Investments and Investment Activities"[2] and several other regulatory legal documents related to this field were adopted and are serving to a certain extent in the implementation of the specified tasks.

Also, investments and innovation activities carried out in economic sectors and business entities cannot fully meet the requirements of today's economy. For example, there are issues such as insufficient flow of investments, lack of complete stability in regional investment policy, transformation of production, high level of state share in the economy, volatility of inflation rate and lack of new modern equipment and technologies.

It can be said that in recent years, we can see the growth of investment loans in the total loan portfolio of the banking system. This creates the need to improve the mechanisms of financial management of investment activities of commercial banks and increases its relevance.

Based on this, it is important for commercial banks involved in the financing of investment activities to form their own scientific and theoretical foundations that help to improve financial management mechanisms.

Analysis of literature on the topic.

The new version of the Law of the Republic of Uzbekistan "On Investments and Investment Activities" dated December 25, 2019, regulates relations on investments and investment activities in the territory of our country. Article 3 of this law defines the sources and procedures of investment financing and the investment policy accordingly. "Investment policy is a set of interrelated measures aimed at ensuring the necessary level and structure of investments in the economy of the Republic of

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Uzbekistan and its specific sectors, increasing the investment activity of investment activity subjects to find sources of investment and to determine the priority sectors of their use."

Financial management of investment activity in the economy, creation of a favorable investment environment, study of factors influencing investment activity in the development of the country's economy, many issues on improving the activity of foreign investments have been comprehensively covered in scientific research conducted by several economists. In particular, foreign economists D. Ricardo and U. Petty, as well as P. Samuelson, Y. Fisher and several other scientists have widely covered the scientific and theoretical foundations of financial resources and financing mechanisms, in particular, the mechanism of financial management of investment activities, and several the basics have been developed. In addition, M. Miller, D. Alexander, S. Valdaitsev, P. Vorobev, V. Igoshin, V. Kiseleva, Ya. S. Melkumov, Ya. M. Mirkin, D. Tobin, U. Sharp and others Economists conducted their scientific research in areas related to investment activities, their financial sources and scientific-theoretical foundations of development, financial-economic methods of investment environment.

Of these, the textbook published by S. Valdaitsev and P. Vorobev analyzes the sources of investment financing of the social sector. It is concluded that the funds spent on the processes of obtaining social income consist of finding a higher income or social effect in the future [3].

Ya.S. Melkumov analyzed the effective use of financial, property and intellectual investments in the financing of investments in order to gain profit in the development of production and entrepreneurship [4].

Also, economist U.Sharp pays special attention to the mechanism of financing investment activities through the stock market. In his opinion, a rational investment strategy with a direct relationship between the profitability and riskiness of securities is the basis of financing investment activities. Financial intermediaries (commercial banks, savings and loan associations, credit unions, insurance companies, pension funds) indirectly provide corporations with the opportunity to attract additional funds from the stock market[5]. According to his opinion about the role of financial intermediaries in financing investment activities, they are one of the active subjects of financing investment activities.

Local scientists A. Vakhobov, D. G'ozibekov, N. Karimov, N. Jumaev, Sh. Mustafakulov, N. H. Haydarov, B. K. Tukhliev and other scientists have studied the issues of foreign investments and financial management of investment activities in their research.

In particular, according to Professor N. G. Karimov, "The analysis of the economic development of highly developed countries shows that the relationship between investment activity and economic growth is not the same. In this, it is observed that they require each other. As economic growth depends on economic activity, in turn, it determines the real potential of the country at each concrete stage of economic development. In other words, the higher the rate of GDP growth, the more opportunities there are to create more investment resources and conduct an effective investment policy on this basis" [6]. Economic activity cannot be achieved unless there is a favorable investment environment in the country.

Sh. Mustafagulov analyzes factors affecting investment activity, investment potential and investment attractiveness in his scientific research. "One of the most important issues that must be resolved in the regulation of investment activities is the uniform placement of enterprises with foreign investments across regions at an acceptable level. Factors such as the natural conditions of the regions, the business environment created there, social-political, organizational-management principles, the population's enthusiasm for doing business and entrepreneurship, risk propensity and the qualification of labor resources, the existence of various institutional structures, and their development is one of the important conditions that show investment attractiveness" [7].

In addition, some aspects of the mechanisms of financial management of investment activity were researched by other economists whose names were mentioned above, and their author's approaches in this regard were put forward.



Research methodology

Based on researching the approaches and views of foreign and domestic economists on the subject and expressing the author's attitude towards them, the scientific-theoretical methodological aspects of the article, as well as the analysis of the sources that provide financial support for the formation of state investment policy, the implementation of investment activities, and the implementation of investment relations today. scientific works were studied. The comparative analysis of literature, logical and structural analysis, grouping and comparative comparison, economic-statistical analysis and hypothesis substantiation methods were used in the implementation of this research.

Analysis and results

State management of investment activity in the republic is currently carried out mainly by directing financial resources to state target programs and other state needs determined in accordance with the law. In general, the effectiveness of public investments is considered to be less, because in most cases they are directed to the development of non-productive sectors. In addition, due to limited budget funds, it is not possible to implement them in large quantities in the current conditions. The budget resources of the state are primarily directed to the implementation of targeted investment programs for the development of the country and regions.

In addition to allocating funds directly from the budget for the financing of state investment projects, issuing targeted bonds and other special investment bonds, providing concessions to local and foreign investors on trade results, implementing investment activities within the framework of targeted programs, not allocating direct funds from the state budget, but using budget funds the need to increase attention to the multiplier effect, to regularly carry out econometric analyzes of the factors affecting the financial management of investment activity and to determine the levels of correlation and regression between them, to make an economic assessment of the investment activity of the regions as a result of the analysis of the existing investment situation and management mechanism in the regions and districts of the republic and it is necessary to develop strategic programs of financial management of investments by identifying development trends. In addition, it is desirable to develop forecast indicators based on the results of the econometric analysis of the future state of financial management of investments, to group the factors affecting investment attractiveness by management entities by the level of influence.

It should be said that a number of authors have one-sided scientific opinions when analyzing the features of regional development of investment activity. They evaluate the effect of the investment objects implemented at the expense of the state centralized investments as "significantly strengthened their economic potential as a result of the implemented intensive investment policy" [8], and at the same time, in the current period, the regions with less centralized investments are classified as "weakly implemented market relations and weak infrastructural networks they come to the conclusion that investment activity in developed regions is at a low level.[9].

Today, more than 50 countries of the world are steadily investing in Uzbekistan. They operate mainly in metallurgy, energy, chemical industry, electrical engineering, mechanical engineering, and light industry sectors of our economy.

If we consider the share of investments in fixed capital by commercial banks by specific types of economic activity, it can be seen that the volume of investment funds allocated to industry and individuals has a high weight (diagram 1) [10].

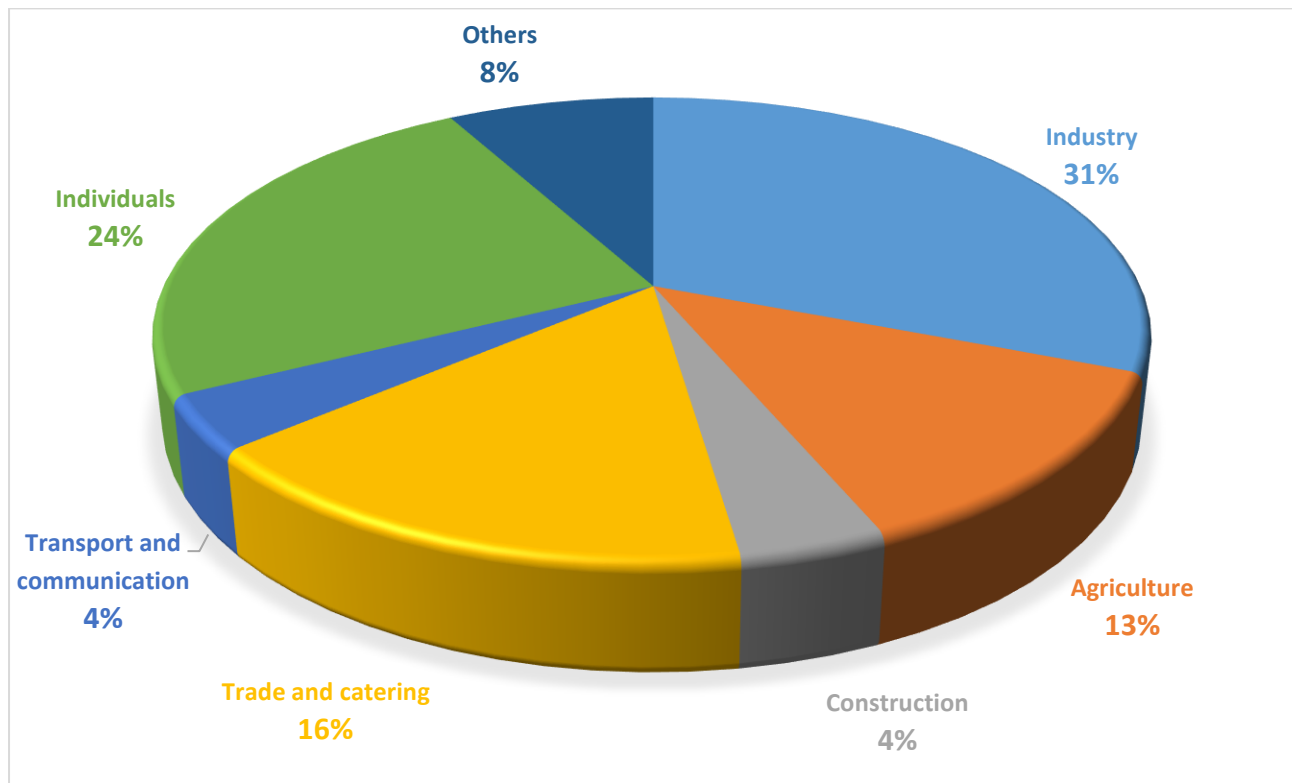
According to the data, 31% or 51.3 trillion of investments in fixed capital. soum is directed to the industry. In addition to other types of economic activity: the volume of investments allocated to individuals is 24 percent of the total investments or 40.5 trillion. amounted to soum.

Here, in the financing of investment projects by commercial banks, the following quality indicators of the project, i.e. discount rate, payback period, discounted payback period, average rate of return, net income from the project, income index, internal rate of return and modified rate of internal rate of return attention has an important place in ensuring the viability of the investment project. That is, the



high efficiency of the project quality indicators indicates the quality of the investment projects under consideration.

**1-diagram. Special types of economic activity of investments in fixed capital by commercial banks distribution on
As of January 1, 2023, in percent**



Today, in order to further develop and improve the effectiveness of the activity of directing investment funds to economic sectors of commercial banks, annual investment programs, including financing of projects involving foreign investments, expansion of the volume of investments in economic sectors, further improvement of the investment environment in the republic, systematic control of the implementation of investment projects, as well as increasing the effectiveness of the use of foreign investments attracted to the economy of our country on the basis of determining the factors that prevent the timely and effective implementation of investment projects with the participation of foreign investments and taking prompt measures to eliminate them, provides a mechanism for financial management of investment activities..

Conclusions and suggestions

In order to improve the mechanism of financial management of investment activities, it is considered appropriate to implement the following measures:

1. Constantly analyze the purposeful use of funds allocated to investment projects, widely attract external sources of investment financing, encourage foreign direct investment to the country for the establishment of new projects and joint ventures, all types of customs until production capacities are fully utilized. it is appropriate to apply exemptions and preferences from payments, taxes, fees.
2. Financial management of investment activity, proper and perfect implementation of initial control over the effective use of funds, independent and free determination of the business entities' directions of activity based on innovations, in accordance with market relations, and paying special attention to the state of quality indicators.
3. Relying on advanced foreign experience, in order to improve the method of financing investment activities in the republic, to provide tax and customs benefits to business entities and entrepreneurs who establish a venture company or venture fund, to introduce preferential loans with bonus interest



on the basis of state funds into the venture financing system, venture companies and venture execution of contractual relations of funds with large industrial enterprises should be turned into an object of control by the state.

4. The positive impact of the banking system on economic growth and ensuring the stability of the economy, the increase in the volume of attracting funds from abroad to finance investment activities at the expense of international financial institutions and foreign government financial organizations, foreign direct investments and other decentralized sources allows to increase the level of positive effect.

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