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## PROBLEMS OF REGULATION OF INVESTMENT PROCESSES IN CONDITIONS OF STABLE DEVELOPMENT OF INNOVATIVE ECONOMY

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**Annotation:** The article highlights proposals concerning the problems of regulating the investment process of economic entities. Such concepts as "investment process", "investment", "capital investments" are considered. The features of investing and investing capital are explained in order to meet the needs of the subjects and make decisions on the effective use and obtaining the final results - profit. It is noted that it is advisable to consider investments from the standpoint of long-term investment of material and financial resources in the renewal and expansion of fixed assets in order to ensure production growth. A special place is given to issues related to the implementation of a real investment - capital investments, a description of the essence of capital investments is given, and the main features of investments are described. A number of issues related to the evaluation of the economic efficiency of capital investments are consecrated.

**Key words:** investment process, investment, capital investments, investment cycle, long-term credit, accumulation regulation, budget financing, profit distribution.

The investment process and its regulation is one of the main directions of the country's investment policy. The implementation of the investment policy is determined by the need for efficient use of sources of investment capital formation. In the current conditions, budgetary funds play an important role in the formation of investment capital. In the Message of the President of the Republic of Uzbekistan to the Oliy Majlis on December 28, 2018, speaking about budget policy, it was specifically noted: "It is necessary to continue improving the system for the efficient use of budgetary funds. Any program or project financed from the budget must contain indicators that reflect quantitative and qualitative indicators

At the same time, it should be noted that in the conditions of innovative development of the economy of Uzbekistan, the policy of innovative and investment development is one of the priority measures for financing the investment activities of economic entities focused in their activities on an innovative development path.

Transparency of innovative and investment activities of enterprises is a set of measures aimed at increasing the openness and business activity of enterprises in the field of the investment process.

In itself, the transparency of the innovation and investment process is incomprehensible to many business leaders. Therefore, bringing the essence and significance of this phenomenon to the heads of enterprises - entrepreneurs is one of the tasks of society in the context of increasing their need for investment in the activities of enterprises.

**Literature review.** A number of economists of the Russian Federation note that the basis of the investment activity of enterprises is real investments, which are mainly carried out in the form of capital investments.

In modern conditions, this form of investment for many enterprises is the main direction of investment activity, which allows introducing new advanced technologies into production, updating products, developing new product markets and ensuring a constant increase in profitability and market value of the enterprise.

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In the Law of the Republic of Uzbekistan “On investments and investment activities” [1], investment is carried out in the form of not “capital investment”, but “capital investment”, and within the framework of the latter, the following definition of the concept of “capital investments”: “Capital investments include investments invested in the creation and reproduction of fixed assets, including new construction, modernization, reconstruction, technical re-equipment, as well as in the development of other forms of material production” .

It should be noted that in the course of their activities, business entities inevitably face the problem of choice: how to deal with the currently available free funds? Direct funds to meet current needs or, refusing to use them at the moment, try to get more in the future? The fundamental solution of this issue in favor of investing capital leads us to the need to make investments, to participate in the investment process.

We understand that each investor sets his own individual goal. It should be noted that from a general economic point of view, any successful investment leads to an increase in public welfare, an increase in the efficiency of the functioning of both the investor himself and society as a whole, as well as the formation of financial resources to enhance the investment activities of enterprises. Some scientists consider the model for evaluating the effectiveness of investment projects, recommended for selecting investment projects for financing, including for independent examination.

Recently, the choice of one or another form of reproduction is determined by enterprises, depending on the economic and financial situation. At the same time, shorter payback periods are also essential, which are characteristic of technical re-equipment measures, which become vital in the conditions of a modern innovative economy, allowing the enterprise to quickly respond to the latest achievements in science and technology, and constantly modernize the production activities of enterprises. Therefore, enterprises independently choose: what share of net profit to direct to replenish fixed assets, and what share to replenish working capital [].

At the same time, approaches to determining and evaluating the effectiveness of real investments, whether costly or profitable, should become important. In the framework of quantitative assessments, the cost approach still prevails, which leads the enterprise to determine the economic efficiency of capital investments and the principles for selecting effective options for investment projects based on the methodology of comparative efficiency, which is based on calculations of cost reduction per unit of output after capital investments are made and the comparative efficiency coefficient is determined ( $C_p^{eff}$ ) according to the formula (1):

$$C_p^{коэф} \text{ЭФ} = \frac{\sum C_{eб}^{prod} \Delta O_{KBi} - \sum C_{eб}^{prod} i}{\sum KB_i}, \quad (1)$$

here:  $\sum C_{eб}^{prod} \Delta O_{KBi}$  - the sum of the cost of production before the implementation of capital investments;

$\sum C_{eб}^{prod} i$  - the sum of the cost of production for the considered i-th subject;

$\sum KB_i$  - the amount of capital investment for the considered i-th subject.

At the same time, the payback period for capital investments ( $C_p^{payback}$ ) can be determined by the formula (2):

$$C_p^{окуп} KB = \frac{\sum KB_i}{\sum C_{eб}^{prod} \Delta O_{KBi} - \sum C_{eб}^{prod} i}, \quad (2)$$

Therefore, according to the above formula, it is considered more economically feasible that which will provide a minimum of the reduced costs.

Despite the current methodology for determining the effectiveness of capital investments, this approach suffers from a drawback. This drawback is due to the definition of a more transparent or better option for capital investments. For the above method of valuation does not take into account profit, which is now of paramount importance in the

implementation of capital investments. Along with this, this technique cannot be used to justify capital investments aimed at improving the quality of products at enterprises; as a rule, it leads to an increase in production costs.

Consequently, the income approach involves the interpretation of capital investments as financial resources intended for the expanded reproduction of fixed assets in order to ensure an increase in the capital value of enterprises in the form of income (profit) as the ultimate goal of investment based on the principle of increasing the value of the enterprise, which should be taken into account when making investment decisions. Therefore, from this point of view, investment decisions make sense only if they will increase the market value of the enterprise, primarily by increasing the market value of shares or shares in the enterprise.

One of the main tasks that needs to be solved when developing a system for stimulating investment processes is to create conditions under which enterprises producing innovative products would be in an advantageous position compared to enterprises that do not produce such products, which are in an adequate position. It is on the solution of these problems that the investment of the work of enterprises in the creation, development and implementation of innovative products is directed.

**Ways to solve the problem.** In this regard, it is important to determine the socio-economic content of the concept of "investment process". The investment process begins with the formation of funds and ends with the creation of real assets in the form of industrial buildings and structures, equipment and technology, household and social infrastructure facilities. In addition, in the process of investment, a variety of investment resources are used, which are characterized by demand, supply and price.

In this context, the concept of investment is not associated with long-term investments. Investments can be investments for any period in order to make a profit - to achieve a positive effect. Despite such characteristic features of investments and capital investments, in the economic literature and in practice, an equal sign is often put between the concepts of "investment" and "capital investments". This is explained by the fact that investing in itself means investing a certain part of the funds for the expansion of fixed assets. However, one should not put equality between the investment cycle and the completion of the stage of construction or reconstruction of buildings and structures, the acquisition of machinery, equipment, tools, inventory, the increase in current assets, primarily raw materials and materials, into intellectual property assets that do not have material content: property right, patents, licenses and others. Such an understanding of the investment process cannot, in our opinion, be considered satisfactory both from a theoretical and practical point of view. Take, for example, the position of the bank in long-term lending to business entities. Indeed, if the investment price ends with the construction of the facility, then the loans lose their source of repayment: the lending object itself cannot be a resource for repaying loans. But the full use of capacities, the delay in the development of facilities entail losses for entrepreneurs, the need to find additional funds to pay loans. Note that similar judgments about limiting the investment process to only fund formation, especially taking into account the specifics of business management by entrepreneurs, have already been encountered in practice.

Consequently, the investment process is characterized in the interrelationship of making a decision on capital investments, their use and obtaining the final results. Thus, the theoretical position on the investment process receives a very specific, practical content. In our opinion, it is expedient to define investments as long-term investments of material and monetary resources in the renewal and expansion of the economic activity of enterprises and their fixed assets in order to ensure production growth. Such an interpretation causes the inclusion in the investment process, firstly, of the stage of forecasting the volume of capital investments (including a business plan); secondly, the stages of the use of capital investments (acquisition of means of production); thirdly, the stages of using new capacities and facilities; fourthly, the stage of formation of the means of production, as well as the management of attracted resources (budgetary funds, loans,

foreign investment capital, etc.). Thus, the investment activity management mechanism is a set of forms and methods of market regulation of the reproduction of the considered object (fixed assets) at all levels of management [3].

The constant renewal of the production process simultaneously requires the renewal and accumulation of resources. At the same time, production growth rates directly depend on the efficiency of previous investment cycles. All this means the need for strict consideration of the resource aspect of the investment activity of enterprises, which forms the basis for balancing it with the entire increase in production. The growth of budget financing is due to the fact that there is insufficient connection between capital investments and the use of fixed assets. That is why the formation of resources for new capital investments based on the maximum use of one's own production potential means the unification of all participants in the investment process into a single system.

**Expected economic effect.** In the process of improving regulation, investment activity should be ensured:

firstly, the close linkage of the process of regulation of capital investments with the formation of monetary and other resources;

second, the link between capital investment decisions and the production process;

thirdly, the orientation of individual processes towards the final results of the entire investment process.

In recent years, a change has been made to the investment process. It consists in further decentralization of investment capital regulation. Economic entities in terms of all types of investments serve to implement, firstly, the requirements of unity in the implementation of technical policy, and secondly, the priority goals of development policy in conditions of a certain shortage of material resources. Finally, thirdly, they are designed to ensure overcoming a number of negative phenomena in the investment sector of a changing economy.

**Conclusion.** However, the implementation of the above proposals is still completely insufficient for solving the most important problem of balancing natural-material and financial flows. It is necessary that the very formation of monetary resources be based on the optimal proportions of the distribution of GDP, and follow directly from the basic patterns of accumulation.

Here it is important to pay attention to the following. First, the formation of monetary resources at all levels at the level of the state, banks and individual business enterprises must meet the uniform requirements of efficiency. In other words, a significant part of the additional profit from the use of the means of production, so far, remains at the disposal of entrepreneurs.

Secondly, in the structure of profits of enterprises, a certain place is occupied by incomes associated with the best location, as well as the provision of qualified labor resources. The introduction of tax payments for the use of natural resources through the regulation of tax payments, including payments for the use of minerals, would help improve the economic and financial decisions taken by enterprises. Tax policy should serve the welfare of society and not reduce budget revenues [6].

Thirdly, the profit distribution system that existed until recently did not stimulate the activities of entrepreneurs to grow, in addition, to increase the financial resources of the state, since the formation of own funds directed to capital investments and the payment of debt on long-term loans is carried out by enterprises after tax payments. Therefore, despite the fact that, according to the existing terminology, the free balance of profit is considered to be that part of it that remains at the disposal of enterprises after payment of all projected costs and tax payments, it would be more correct to consider as "free" that part of it that remained after the payment of tax payments in the budget and for interest to the bank, as well as the formation of stimulating active capitals of enterprises.

In general, it can be said that a certain part of the profit contributed to the overestimated demand of entrepreneurs for resources, and this undoubtedly increased the shortage of investment resources.

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