

Ways of Developing Sources and Methods of Investment Activity Financing

Dilrabo Malikova¹

Abdusattorov Hasan²

Abstract: This article provides for the development, discussion and conclusions based on the study of the specifics of the theoretical foundations of the development of sources and methods of financing investment projects in national economy.

Key words: investment, investor, investment activity, financing, investment projects, sources of financing, stock markets, real investments, financial investments.

Introduction

Financing of investment activities means the purposeful use of allocated funds for the needs of a specific investment project. Activity financing is mainly used to finance investment projects involving investments in real assets rather than financial assets.

In particular, it serves as the most important way of financing innovative activities aimed at developing and mastering new types of products and new technological processes.

In order to implement large infrastructure projects, build modern high-tech production facilities, rapidly develop the economy, and actively attract foreign investments, large-scale work is being carried out in the country.

At the same time, the effectiveness of the activity in this field is negatively affected by a number of shortcomings related to the superficial use of available resources, the economic expediency and profitability of the projects included in the investment program.

There is no concept of long-term development of economic sectors and regions, taking into account the available resources, as well as the real possibilities of attracting investments, especially foreign investments. As a result, there are cases of initiating economically unpromising projects, inefficient spending of financial resources, which ultimately leads to a decrease in the investment attractiveness of the country as a whole.

These circumstances require a fundamental revision of the procedure for forming investment programs, the mechanisms of its financing, increasing the transparency and efficiency of the selection of projects proposed for implementation. Therefore, development of sources and methods of financing investment activities and creation of necessary conditions is one of the important issues.

Literature review

Effective use of investments in the economy is directly related to their financing. Financing of investments is naturally carried out on the basis of investment activities.

¹ Acting associate professor, Samarkand Institute of Economics and Service, dilrabo7malikova@gmail.com

² Student of Samarkand Institute of Economics and Service



The President of the Republic of Uzbekistan, Sh. Mirziyov, said, "Uzbekistan's foreign debt is safe according to the criteria of the World Bank and the International Monetary Fund. At the same time, projects implemented in the regions at the expense of foreign debt will be discussed by local councils and the public from now on. A system of public reporting on their results will be established. Also, external borrowing on behalf of the state will be reduced, and more private capital will be attracted to investment and infrastructure projects. For example, the implementation of more than 40 large and medium-sized projects on the basis of public-private partnership will begin next year. In order to increase competition in the financial market, the Central Bank should introduce a draft law on non-bank credit organizations by February 1. Also, the time has come to create a legal framework for the introduction of Islamic financial services in our country. Experts from the Islamic Development Bank and other international financial organizations will be involved in this.

In various economic literature, the concept of "investment activity" has been defined in different ways. Having studied them deeply and widely, it is necessary to pay special attention to the following definitions given to the content of investment activity.

According to economist Neshitoy, "Investment activity is a combination of placing (investing) funds and implementing practical actions in order to obtain income and achieve useful results."

L.L. Igonina also mentions that investment activity can be understood in a narrow sense. According to him, he explains: "investment activity, or in other words, private investment activity (investment) manifests itself as a process of transformation of investment resources into investments."

Chinese scientist F. Xiaolan analyzes the impact of the increase in the country's innovation potential on productivity. According to the results of his research, inward investment has a significant positive effect on the overall innovation capacity. But this effect will depend on the absorptive capacity of the host national economy and the availability of innovation-enhancing factors.

Research methodology

This article examines the scientific works of the economists of Uzbekistan and foreign countries on the theoretical aspects of sources and methods of financing investments and investment activities. Comparative analysis of literature and methods of hypothesis substantiation were used as research methodology.

Analysis and results

As the investment activity is based on the mobilization of the investor's own resources to the investment object, this activity requires that it be organized and financed according to the investor's goal. The necessity of financing investment activity is explained by the fact that any investment directed to investment activity, ultimately, by itself cannot provide the interests of the investor. We know that investors are always looking for great profit and efficiency from their investment activities. In this way, they want to increase their capital and protect it from loss of value under market risks. For this, they direct their capital to the most optimal investment project and strive to achieve their goal by regularly managing its movement.

Accordingly, the need to finance investment activities can be explained as follows:

- the investor has his own goal in organizing the financing of investment activities;
- the desire of the investor to further increase his own capital through investment activities;
- organization of investment activities cannot be effectively implemented without its permanent management;
- the effect of various risk factors on the effective course of investment activity may occur;
- the participation of many other participants in the investment activity besides the investor and the existence of their interests;



that any investment activity is necessarily aimed at serving the development of the interests of the state and society;

- strong competition in the market;
- the investor's limited investment resources, therefore, the desire to use them maximally in the most effective investment object in a limited time, etc.

In practice, since the financing of investment activity is organized directly depending on the investment project, the process of financing investment projects occurs during the financing of investment activities on a specific project. The need to ensure this process is as follows:

1. Implementation of project investment in conditions of financial instability increases the risk of reducing its efficiency. This reinforces the need to manage the project in order to ensure the expected results. The efficiency of the project is determined based on the application of several modern methods of its financing. This project plays an important role in financing and based on its results, it gives the project manager, founders, investors and other participants the opportunity to make appropriate changes to the project or, ultimately, to abandon it in time;

2. Financing of investment projects is carried out over time. This, in turn, plays an important role in optimizing the impact of time on project results. The fact that money loses its value over time creates and implements the need to ensure the correct and optimal use of capital in the investment process in order to ensure that the investor expects from the project. Investing takes place at the expense of attracting free funds. Monetary resources that are not in motion continue to lose their value. This loss occurs more in investments that do not have a clear goal and have not analyzed the results. However, under the influence of various factors, the cost of capital may change or remain unchanged even in the case of investing in a well-designed investment project over time;

3. Inflation is one of the important factors affecting the final result of project implementation. This, in turn, is a chronic change in the interest rate, changes in the exchange rate, changes in supply and demand, instability in legislation (interest rates on deposits and loans, required reserves, refinancing rate, currency policy, customs policy (circumstance of the internal market, etc. .) occurs as a result of;

4. There are various uncertainties in investment activity. Knowing the modern principles, mechanisms and methods of effective financing of investment projects and processes, taking into account the factors of uncertainty, and their optimal use will allow to move to a new quality of economic system development;

5. Taking into account the strengths and weaknesses of any project, it is necessary to develop measures for making decisions regarding the risks faced during the project implementation and exiting the crisis situation through their financial analysis. It is important to focus on strengthening the practice of self-insurance against losses.

The most important issue in the implementation of investment projects is their financing. Financing means spending money to purchase the elements necessary for the implementation of the investment project. These funds can be obtained from various sources: financing from the budget, use of own funds of enterprises, credit resources, debt funds (residents and individual firms), etc. Not only the effectiveness of investment activities, but also the future viability and financial stability of the investor depends on which sources are chosen.

Conclusions and suggestions

In conclusion, it should be noted that the importance of investments for our national economy depends on a number of factors, among which the following stand out: the possibility of additional financing of large investment projects; use of advanced methods of production organization by attracting foreign investment in the latest technologies and equipment, innovative projects. At the same time, in our country, it is often pursued by the desire to protect enterprises from technically and financially strong



competitors. For example, in connection with the introduction of a large amount of import duties on imported goods, a convenient opportunity is created for the enterprises of our republic to sell their outdated products in the domestic markets at later increased prices.

The use of the following recommendations in the development of sources and methods of financing investment projects is important for ensuring the quality of financing and their successful implementation:

Development of legal criteria for the formation of a proportional share of the local authority to the charter of the enterprise being established instead of a one-time payment of the sum of compensation calculated when selecting irrigated land for newly established enterprises in the regions. In this case, the development of a mechanism for the formation of the 51% state share specified in the law on public-private partnership in proportion to the amount of investment to be made through negotiations with the business entity being established.

Due to the high cost and non-competitiveness of transport-logistics services in importing technologies purchased from abroad, in air transport of cargo and passengers - in the current conditions of decreasing value of fuel and energy resources in the world market, it is desirable to put an end to the monopoly of transport-logistics service companies and create competition between them.

Inadequate development of investment infrastructure - it is necessary to form portfolios of medium, small business and consumer loans, not only for large projects, keeping the 5-7% rate of banks in the direction of ABR, JAYKA, MAR. Also, to stimulate the activities of investment funds, insurance and leasing companies and to effectively establish their participation in the implementation of investment projects.

In accordance with the norms of Islamic financial instruments, it is necessary to establish Islamic banking asset practices in export-import, project and syndicated financing, issuing securities, and to carry out promotion and propaganda work for entrepreneurs about Islamic financial instruments.

Finding a solution to the above-mentioned tasks as soon as possible and efficiently will not only help to evaluate the value of sources of financing investment activities, but also serve to further improve the state of socio-economic development of the state and the prosperous lifestyle of the population.

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