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| Research Article

Improving the practice of financing investment projects of enterprises of the republic of Uzbekistan

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Abstract: This article explores the current state and challenges of financing investment projects of enterprises in the Republic of Uzbekistan. It highlights the significance of investment projects in fostering economic growth and enhancing enterprise competitiveness. The study identifies key barriers in the financing process, including insufficient access to financial resources, high borrowing costs, and limited use of innovative financing mechanisms. Recommendations are provided to improve the practice of financing, focusing on developing a favorable regulatory environment, expanding financial instruments, and encouraging public-private partnerships. The proposed measures aim to optimize resource allocation and strengthen the financial stability of enterprises, thereby contributing to sustainable economic development in Uzbekistan.

Key words: Investment projects, financing practices, enterprises, financial instruments, public-private partnerships, Uzbekistan, economic development, financial stability.

Introduction

Investments are understood as all types of national and intellectual wealth, which must be directed to the objects of entrepreneurial activity and bring income or achieve some positive effect. As an economic category, investments are characterized as follows: Placement of capital in entrepreneurial objects in order to increase the primary accumulated capital; Economic relations that arise between participants in investment activities in the process of implementing investment projects. Investments in fixed capital are made in the form of capital investments and include expenses for new construction, expansion, reconstruction and technical re-equipment of operating enterprises, purchase of equipment, inventory, project products. Economic sciences and practice emphasize that the terms "investment" and "capital investment" are not the same thing, that is, synonymous words. Investments are a broad, comprehensive concept in relation to capital investment. In Western literature, when discussing investments, the main attention is paid to the stock market, since in developed countries investments are mainly carried out using securities. W. Sharp defines investments as follows: "Real investments are investments made mainly in tangible assets (land, equipment, factories). Financial investments are contracts concluded on paper. These include ordinary shares and bonds. In a developing economy, the main part of investments belongs to real investments. In a developed economy, the main part of investments is caused by the large-scale development of financial investment institutions, which leads to the growth of real investments. These two forms of investments are not competing with each other, but complementing each other." [1]

The concept of investment is too broad to give a single and complete definition. In different parts of economic science and in different areas of practical activity, the content of investment has its own characteristics. In macroeconomics, investment is a part of gross expenditure, which consists of expenditures on new means of production, investments in housing and the growth of inventories. Investment is a part of GDP that is not consumed in the current period and provides capital growth in the economy.

In the theory of production and macroeconomics in general, investment is the process of creating new capital (including means of production and human capital). In financial theory, investment is understood as the acquisition of real or financial assets, that is, the purpose of current spending is to obtain income in the future. In other words, investment is the exchange of a certain value for a future value, the future value of which is more uncertain.

[1] Sharp W., Alexander G., Bailey DJ. Investment: Per. s Eng.- M.: INFRA-M, 2015. -14 p

Literature review

The theoretical foundations of methods and tools for developing investment activities, national characteristics and issues related to their organization and financing, and practice, were studied in the scientific works of foreign scientists L.J. Gitman, M.D. Jonk, H. Schmitz and domestic economists B.E. Toshmurodova, N. Jiyanova, D.Kh. Suyunov, M.N. Ravshanov, M.Sh. Butabaev, E. Egamberdiev, Kh. Khojakulov, D.G. Gozibekov, N.H. Khaidarov, T.S. Malikov, O.O. Olimjonov, N.G. Karimov, L.S. Zoyirov, E.I. Nosirov, A.T. Akhmedova.

In the book “Fundamentals of Investment” by Gitman L.J. and Jonk M.D., investments are defined as follows: Investment means the purchase of stocks and bonds with the aim of obtaining financial results: they represent real assets, for example, the acquisition of machines for the production and sale of one or another good. In a broad sense, investments provide the mechanisms necessary to finance the growth and development of the country's economy. As is known, the concept of "Investments" is not new to economics. Today, it is important to understand the meaning of the concept of "Investments" and correctly analyze its essence. In the era of the former economic system, the concept of investments was more associated with capital investments and meant capital investments spent on capital construction, major repairs and scientific and technical development, and these investments were allocated mainly from centralized funds and plans approved by state agencies above the state budget.

The growth rate of investments depends on many factors. First of all, the volume of investments depends on the distribution of income received on consumption and savings. With a low average income of the population, the main part of them (70-80%) is spent on consumption. An increase in the income of the population leads to an increase in the part sent to savings. An increase in the share of savings in total income leads to an increase in the volume of investments, and vice versa. However, this condition is fulfilled when the population has high trust in the state, when the state ensures and guarantees the investment activity of citizens. The expected rate of return also affects the volume of investments, because the expected profit encourages investment. The higher the expected rate of return, the higher the volume of investments, and vice versa. The interest rate on the loan has a significant impact on the volume of investments, because borrowed funds are also used in the investment process. If the expected net profit margin is higher than the average loan interest rate, then these investments are profitable for the investor. Therefore, an increase in the average interest rate leads to a slowdown in the investment process. The expected inflation rate also affects the volume of investments. The higher this indicator, the more the investor's future profit is devalued and the factors that stimulate investment are reduced. Investments are made in various forms and are grouped based on their specific characteristics for analysis and planning. [2]

Discussion

With the acceleration of scientific and technological progress, intellectual potential has become the most powerful factor in production, its most important element. At the beginning of the 20th century, investments in the development of scientific production forces have been increasing. That is why in the world, the amount of expenditure on scientific research, science, education, and personnel training is increasing in the structure of real investments. For example, in the USA, Japan, and other developed countries, the growth rate of investments in science and scientific research exceeds investments in fixed assets. Entering the world market requires the development of large-scale marketing, obtaining detailed information, the organization of high-level computer systems, the training of highly qualified, competitive personnel, and reaching the level of developed countries in this area. That is why rapid development requires real investments in science, technology, education, and personnel retraining to occupy one of the main places in the structure of real investments.

Real investments in fixed assets have an interregional, inter-sectoral, technological, and re-production composition, depending on the purpose of their expenditure and other indicators. The share of investments in fixed assets in the total amount of effort spent on the formation of their active (machinery, equipment) and passive (buildings, structures) parts constitutes the technological composition of investments. The re-production composition indicates the goals for which investments are directed; the relative share of each of the costs involved in new construction, expansion, reconstruction of existing enterprises and re-equipment with new equipment in the total costs. The inter-regional and inter-sectoral composition of investments indicates their relative distribution by regions and sectors. In developed countries, the main part of real investments is made up of private investments. Real investment spending in the public sector is of great importance. Based on the economic coordination policy, loans and subsidies are allocated, state capital investments are balanced, and real investments are mastered. Foreign economic experts expressed the following opinion on the contribution of attracting investment to the economy to economic development, using the example of the Republic of Kazakhstan: “For the Republic of Kazakhstan, as a newly

[2]Bocharov V.V. Investments: Textbook. - 2nd edition - St. Petersburg: Piter 2013- 380 bet

independent state, which has become a path to integration into the world economy and the transition to an open market economy, attracting foreign and domestic investment is very important. In the current conditions, the development and implementation of investment activities is significantly increasing. Investment is a legal basis for improving and developing the social needs, material and spiritual wealth of many countries, including Kazakhstan, developed countries and the international community as a whole.” [3]

We can see the description of investments by type in the following:

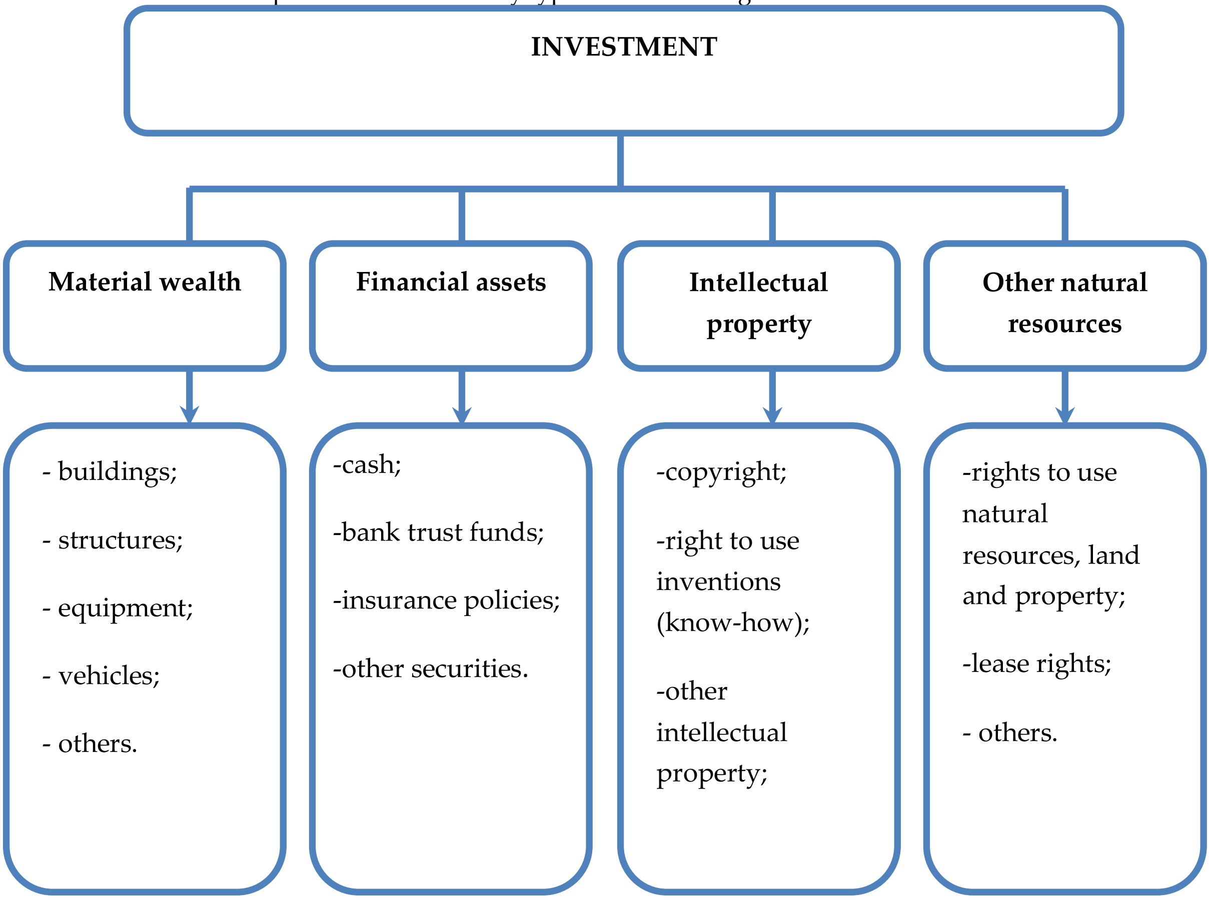

Figure 1. Classification of investments [4]

Investments appropriated by the state. They are spent on the development of the initial market infrastructure and related sectors. Increasing the efficiency of investments is carried out by creating and increasing the asset elements of fixed capital.

The description of real investments is carried out on the basis of their volume and return rates. The volume of investments represents the value of the appropriated investments, and the amount of investments represents the ratio of their volume to the GDP or GDP. In periods of high and deep inflation, its impact on the aforementioned indicators is direct. The investment rate indicates how capital-intensive the produced GDP or GDP is, that is, to what extent capital expenditures are required. The efficiency of savings is determined based on the coefficients of growth of capital-intensiveness.

Financial investments mean the placement of capital in financial assets, which include all types of payments and financial obligations. The most important of these financial instruments are securities: shares (stocks) and debt (bonds). Unlike real investments, financial investments are more often called portfolio investments, since in this case the main goal of the investor is to form a complete set of financial assets (investment portfolio) and manage various operations with securities. Financial investments are investments in shares, bonds and other securities issued by

[3] https://www.sciencedirect.com/science/article/pii/S1877042814044711 The Problems of Legal Regulation of the Investment Agreement in the Subsoil in the Republic of Kazakhstan. AbdimanapBekturganov, Daniya Nurmukhan kyzy, Aigerim Ozenbayeva. Procedia - Social and Behavioral Sciences, Volume 143, 14 August 2014, Pages 1001-1005

[4] Ergasheva Sh., Uzoqov A. Organization and financing of investments. Textbook. - T.: Economics-Finance., 2020. 7 p.

private companies and government agencies, as well as bank deposits, which are attracted for a long time. The main part of financial investments means that capital is spent on non-productive activities. Financial investments can often serve as a source of real investments. Financial investments are more common in countries with a developed free market infrastructure, in countries where the securities market plays an important role in the distribution of capital by sector. In the structure of financial investments of developed countries, private investments occupy the main place. Private investments are property and intellectual property that are spent on activities that are not prohibited by entrepreneurs, private firms, concerns and joint-stock organizations. In countries with a mature securities market, most private investments are spent by special investment funds. The financial form of foreign investments (portfolio investments) can serve as the basis for identifying promising enterprises in the national economy and implementing large-scale investments. Secondly, direct and portfolio investments are distinguished by the nature of investment participation. Direct investments allow the investor to restore the object of investment of his financial resources. Portfolio investments are carried out with the help of commercial banks, investment companies, funds, etc. Financial intermediaries place the accumulated funds in an efficient, profitable way. Portfolio investments are manifested in the form of placement in securities of other issuers with the help of underwriting. Thirdly, depending on the investment term, investments are short-term (issued for a period of up to one year), medium-term (issued for a period of one to five years) and long-term (issued for a period of more than five years). For example, common stocks are not limited to any term at all. For example, a certificate of deposit is issued for a period of six months - this is a short-term investment instrument, while bonds are long-term investments with a maturity of 20 years. However, by purchasing long-term securities and after a short period, for example, six months, the investor can use the long-term instrument for short-term purposes. Often, investors choose such instruments and want to invest their money for short periods. For example, an investor may purchase a certificate of deposit with a term of six months for an amount that he does not need in the next six months: an investor who has reached the age of forty may buy a company's bond for 20 years to save money until retirement. Usually long-term investments are manifested in the form of capital investments. Fourth, based on the form of ownership, investments are divided into private, state, joint and foreign. Private investments mean the investment of funds of non-state legal entities and citizens in objects of entrepreneurial activity.

Result

Investment activity should include the sequence of investments and their variability (metamorphosis), that is, resources (values) - investment (costs) and the receipt of results (profit, income) as a result of investment. If there is no result, there is no point in investing.

The development of investment activity has a positive impact on the implementation of the policy of expanding production, accelerating scientific and technological progress, ensuring the competitiveness of national products and improving their quality, further developing social sectors, and eliminating social problems. It also allows the enterprise to expand its production activities, prevent physical and moral obsolescence of fixed assets, increase the technical and technological level of production, ensure the competitiveness of enterprise products, and achieve the goals of obtaining profit by investing its own funds in the purchase of securities and other enterprise assets.

Investment activities carried out by investors in various forms of ownership play a major role in stimulating economic growth and eliminating socio-economic problems (employment of the population, increase in national wealth and further improvement of the well-being of the nation).

The regulation of investment activities is explained, first of all, by its production orientation and long-term implementation, that is, by the process from the idea to its transformation into materiality.

The need to introduce modern technologies through the regulation of investment activities, the assimilation of foreign experience in entrepreneurship and the improvement of the investment climate, the measures taken to develop investment projects and their feasibility study have led to a change in the composition of foreign investment in the total volume of capital investments in the country.

This indicator is set at 10 percent in the USA, about 20 percent in France and Great Britain, from 25 to 50 percent in Germany, and 49 percent in Uzbekistan. Also, one of its important features is the long-term nature of the investments made directly under the management of this enterprise. This type of investment is considered the best and proven way to distribute risk, responsibility for the effectiveness of investment use not on the part of the state and the population, but between business systems.

The Republic of Uzbekistan guarantees that foreign investments will not be nationalized and requisitioned. The state guarantees the transfer of income received by foreign investors within the framework of their legitimate activities in foreign currency, in unlimited amounts, across the border.

In order to attract and absorb foreign investments in the Republic of Uzbekistan, investors are provided with a number of benefits (economic platform). Enterprises established with foreign investments (except for trade, brokerage, suppliers of raw materials) from the date of registration:

- are exempted from income (profit) tax by 25 percent in the first year, by 50 percent in the second year, by 100 percent in the third year, and in rural areas by 100 percent from the first year;
- from property tax for 2 years;
- if more than 30 percent of the products produced are exported, then 50 percent of income tax (profit tax), if 15-30 percent are exported, then 30 percent of income (profit tax);
- if engaged in production, they will be exempted from land tax for 2 years.

The Republic of Uzbekistan provides for the granting of privileges to certain sectors. According to this, enterprises that involve foreign companies in the development and exploration of oil and gas fields will be exempted from all taxes during the period of implementation of these works, as well as from customs duties on the import of equipment necessary for the implementation of these works.

Conclusion

By now, our country has accumulated rich experience in investment activities of developed countries. The growth of the country's production capabilities, the increase in production volumes, the development of social infrastructure and the elimination of existing problems depend precisely on the effective management of investment activities.

During the research, it was concluded that, taking into account the socio-economic potential of the regions of Uzbekistan, it is advisable to establish the publication of an "Annual Statistical Map" by the State Statistics Committee on investment activities of each region (regions, the city of Tashkent and the Republic of Karakalpakstan).

It is desirable that this map include the following indicators:

- economic efficiency of investments;
- potential for the development of investment activities in the region;
- main components of tax policy;
- natural-geographical and infrastructure potential of the region;
- civilization index.

This includes structural indicators related to the social activity of the population, the effectiveness of governance, access to education and health services, access to various types of socio-economic information, its openness, and the proximity and cooperation of local authorities with the population.

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