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| Research Article

Mechanisms for Increasing the Role of Banks in Financing Investment Projects

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Abstract: This article explores how to ensure a new quality of investments with certain characteristics in the process of evaluating the effectiveness of an investment portfolio, as well as as a means to achieve the required return on an investment portfolio with minimal risk and certain liquidity. To measure the profitability of a portfolio, it is important at what time you invest or withdraw money. If these actions are performed before the end of the period under review, the profitability calculation should be performed by adjusting the final market value of the portfolio. When depositing money, the final cost should be reduced by the amount of the deposit amount. In case of withdrawal, the final cost must be increased by the amount withdrawn. There are also estimates of the effectiveness of the investment portfolio in identifying and calculating indicators, the values of which, with a certain degree of probability, represent existing problems in determining the attractiveness of a particular investment value for инвестopс, as well as author's approaches and proposals to overcome them.

Key words: economics, investments, investment activity, investment portfolio, investment project, income, expenses, portfolio investments, investment value, portfolio profitability.

Introduction. When financing a project, it is an important task to assess the effectiveness of the investment portfolio, since it allows investors and financial institutions to decide on the allocation of resources. Consider the main theoretical foundations of this assessment. An investment portfolio is a set of assets that an investor uses to achieve his financial goals. The main task is to maximize profitability while minimizing risks. When financing a project, it can include both direct investments in projects and investments in various financial instruments related to these projects.

Basic models used to assess portfolio efficiency:

- Markovis model: this model allows you to optimize the portfolio based on expected profitability and risk (volatility). The basic idea is that diversifying assets can reduce overall risk.
- SARM (Capital Asset Pricing model): the model assesses the expected return of an asset taking into account its systemic risk in relation to market risk.

There are several key indicators for analyzing the effectiveness of an investment portfolio. including the overall profitability of all assets in a given period, portfolio volatility and risk measurement, Sharpe ratio the ratio of excess profitability to the standard deviation, which shows how effectively the risk is managed, Traynor coefficient is similar to Sharp coefficient, but takes into account the beta parameter to assess systemic risk.

Effective assessment of the investment portfolio in project financing requires a deep understanding of both the theory of financial analysis and the specifics of each individual project. So how important it is to pay serious attention to this issue is that the president of our country Sh.Mirziyoev also noted in his lectures:"... the high rates of economic growth and the satisfaction of growing demand for investment resources are not consistent." 1

In general, it is advisable for investors to use various risk and income assessment methods to optimize the investment approach

Analysis of thematic literature. Based on the above data, a lot of scientific research has been carried out and researched by domestic and foreign scientists on ways to develop investment activities in our national economy by forming an investment portfolio and assessing capital valuation. 2 In particular, foreign economists Shannon P. Pratt, Roger J. According to the Grabowski's, "capital valuation is the level of profitability required by market participants to raise funds for certain investment projects as well as expected . From the point of view of the economic term, capital valuation is an alternative cost for a given investment project, that is, the value of another good alternative investment project that has been missed.

Mike Kaufman believes"....the price of anything can be determined as the amount of money that must be paid to own it. Capital valuation, on the other hand, is the amount that must be promised by the company to attract capital from the financial market.The company does not set its own capital valuation, but rather must enter the market so that the company can determine its capital valuation.However, capital valuation is one of the main measurement criteria of the financial market, with the help of which it is possible to determine the activities of the company3. Another economist scholar, Roger Ibboson, argues that " alternative capital valuation (Eng. opportunity cost of capital) is equivalent to the income that can be achieved by making an alternative investment at a certain risk level," commented the past.

Y.O.Zubov noted that minimizing the risk of investment portfolio of Real-Sector Enterprises is an average investment strategy aimed at maintaining its own funds. He also believes that it is necessary to use the level of investment risk and profitability of investments as a criterion for deciding on the inclusion of the project in the portfolio. 4

O.S.Sukharev, S.V.Shmanyov, A. M Kuryanovs in their research focus on the need for synergistic effects of investment projects in the portfolio .

[1] Mirziyoev Sh.M. Critical analysis, strict discipline and personal responsibility-each leader's activity should have a daily rule.// uza.uz. 16.01.2017

[2] Shannon P. Pratt, Roger J. Grabowski. Cost of capital: Applications and examples, 3rd ed., 2008 year.

[3] Mike Kaufman, ‘‘Profitability and the Cost of Capital,’’ in Chapter 8 of Handbook of Budgeting, 4th ed., ed. Robert Rachlin (NewYork: John Wiley & Sons, 1999), 8–3.

[4] Зубов Я.О. Моделирование инвестиционного процесса с учетом налогообложения в условиях инфляции // Экономические анализ: теория и практика. – 2018. №8 – С. 1476-1489.

O.Yu. Krasilnikov, on the other hand, stressed that " portfolio investments are investments5 in various financial assets, mainly with the aim of generating income in the form of cash flows or increasing their shares. Portfolio investments, which have an orderly effect on the investment mechanism of entities (portfolio investors and issuers) to generate income in cash, can be one of the promising ways to finance innovation in enterprises.

It should be noted that the constructive or destructive operation of the portfolio investment mechanism is repeated in each new cycle. In the first case, this is usually associated with stable economic growth against the background of the progressive development of the economic structure.

Secondly, there is a whole complex of negative trends: a narrowing of the investment market, a decrease in its liquidity and capitalization, a decrease in trust in investors, a decrease in innovative activity, the emergence of structural imbalances and deformations, which ultimately negatively affects the dynamics of general economic development.

In our opinion, it is impossible to draw a clear line between the portfolio and direct investments. Consequently, from the point of view of the investor, the investments made are portfolio investments, since they are intended to increase the value of income or assets. However, from the point of view of the issuer, if it carries out effective innovations at the expense of the financial resources involved, these investments are made directly, since they are directed to the Real sector of the economy and increase its production potential.

Research methodology. In the preparation of this article, A Comparative and critical analysis of normative legal documents, the formality of the literature and Internet data used, the scientific and theoretical views on the topic of economic scientists in it were carried out. In the course of the study of the topic, along with general economic methods, systematic analysis, generalization, abstract-logical thinking, statistical methods were used.

Analysis and results. The market value of a portfolio at a given time is calculated as the sum of the market values of the securities included in the portfolio at a given time. For example, the procedure for determining the market value of a portfolio consisting of ordinary shares consists of the following stages: determining the market value of one share of each type; multiplying the price of each share by the number of shares of this type in the portfolio; adding all the products obtained. The market value of a portfolio at the end of the period is determined in a similar way, depending on the market values and the number of different types of shares included in the portfolio at the end of the period.

Once the initial and final price of the portfolio has been determined, its profitability (R) can be calculated by subtracting its initial price (V0) from the final value and dividing this difference by the initial price (V1) 6.

$$r = \frac{V_1 - V_0}{V_0} \quad (1.1)$$

The calculation of the profitability of an investment portfolio is complicated by the fact that the client can add or receive money from the portfolio. This means that changes in the market value of a portfolio during a period expressed as a percentage may not always be an adequate measure of portfolio profitability in a given period.

[5] Красильников О.Ю. Портфельное инвестирование как способ финансирования инноваций на российских предприятиях // Управление корпоративными финансами. – 2012. – № 4. – С. 190-195.
[6] Mike Kaufman, ‘‘Profitability and the Cost of Capital,’’ in Chapter 8 of Handbook of Budgeting, 4th ed., ed. Robert Rachlin (NewYork: John Wiley & Sons, 1999), 8–3.

If the deposit or withdrawal of money occurs immediately after the start of the period under consideration, then the profitability of the portfolio should be calculated by correcting its initial market value. When depositing money, the initial value must be multiplied by the amount deposited, and in the event of withdrawal it must be reduced to the amount withdrawn.

There are two ways to determine the annual income of a portfolio. You can use the usual sum of quarterly earnings. However, the more accurate value of the annual yield will be the rate calculated using the compound interest formula, since it takes into account the cost of one sum at the end of the year if it is invested at the beginning of the year and implies the possibility of reinvestment as the sum itself. Any profit from it at the beginning of each new quarter is calculated by the following formula.

Annual income = $[(1+p_1)(1+p_2)(1+p_3)(1+p_4)] - 1$ (1.2)

To assess the effectiveness of an investment portfolio, it is also necessary to assess its risk level for the selected time frame. Two types of risk are usually evaluated: the market through the beta coefficient and the total measured by the standard deviation. The correct choice of the risk to be analyzed is of great importance. If the investor's assessed portfolio is his only investment, then the most appropriate risk measure will be the total risk measured by the standard deviation. If the investor has several financial assets, then it will be correct to assess the market risk of the portfolio measured by the beta coefficient and its impact on the overall risk level.

For the selected time frame, the following formula is used to assess the overall risk of the portfolio.

$$\sigma_p = \left[\frac{\sum_{t=1}^{T} (r_{pt} - ar_p)^2}{T-1} \right]^{1/2} \qquad (1.3)$$

Here,

$\mathbf{r_{pt}}$ - profitability of its portfolio for the t period;

$\mathbf{ar_p}$ average portfolio profitability;

T-time interval is the number of periods allocated.

The average portfolio yield is determined by the following formula:

$$ar_p = \frac{\sum_{t=1}^{T} r_{pt}}{T} \qquad (1.4)$$

The most effective of two portfolios with the same return is a portfolio that provides a minimum risk and/or investment period, meaning that a portfolio with the highest return is selected from two portfolios with the same period and/or risk.

To do this, the investor must assess the expected return period and standard deviation of each portfolio, and then select the "best". The term is an important indicator that allows you to choose the option of forming a portfolio of debt securities.

If you compare portfolios only by absolute values, then it is usually difficult to make a correct assessment. For example, the profitability of one portfolio is 150 percent per year, and the other is 100 percent. The results of the formation of the first portfolio seem to be preferable. However, if its risk is twice that of the second portfolio, the latter will be more effective.

For the systematic implementation of socially significant portfolio investment projects, it is advisable to evaluate their effectiveness in two stages - according to the following algorithm in development and implementation (Figure 1).

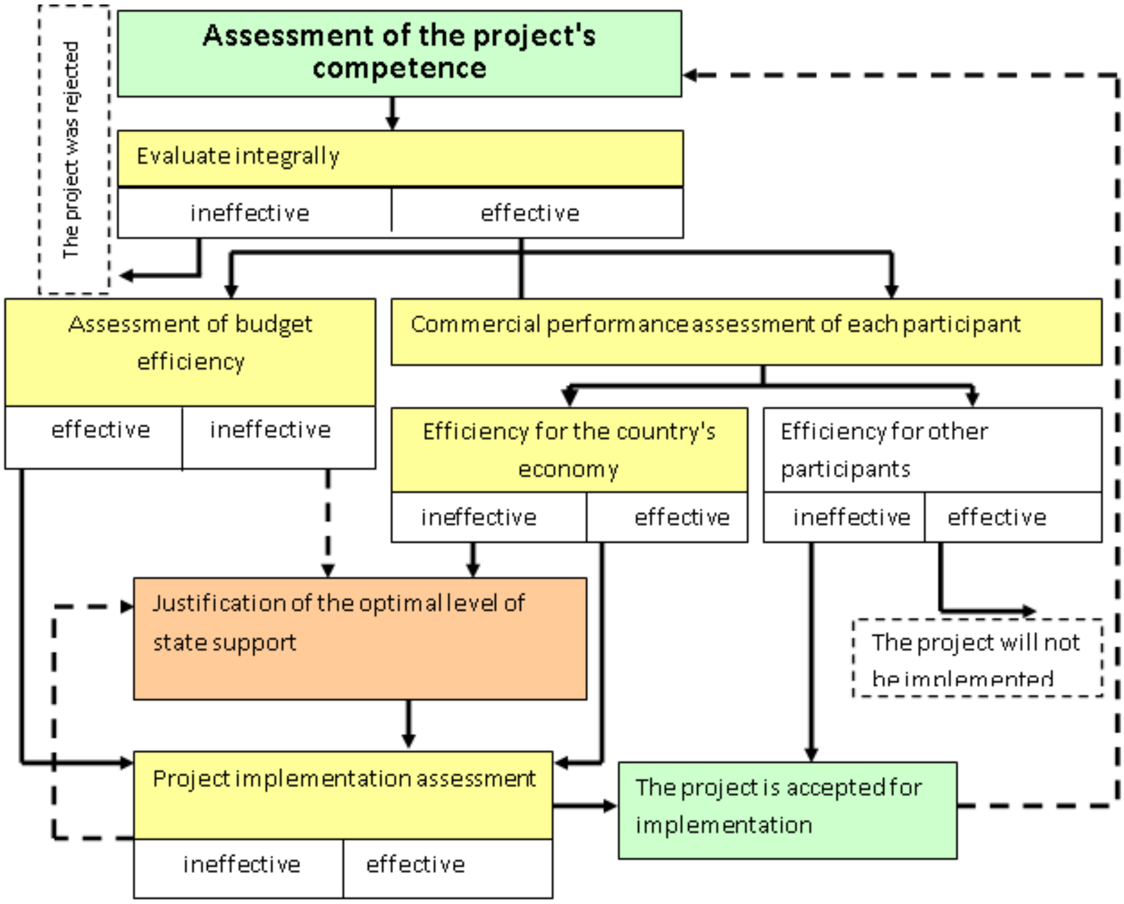

Figure 1. The procedure for determining the effectiveness of projects in financing through portfolio investments [7]

Figure 1. The procedure for determining the effectiveness of projects in financing through portfolio investments It helps to rationally implement projects adopted for financing based on Figure 1, which is presented in yuqoori, which allows you to more efficiently spend existing resources, as well as argue about the correctness of the adopted management decisions. Thus, the level of integration of the project into the country's socio-economic development strategy reflects the qualitative side, and the quantitative value is characterized by weight ratios and score estimates that reflect the development of the economy and the characteristics of each specific region. In our opinion, the modern system for assessing the effectiveness of projects in the investment portfolio should be replaced by indicators of holistic social efficiency and project implementation efficiency, which, in general, ensures the socio-economic development of the financial system. (Figure 2)

[7] Муаллиф ишланмаси

Investment project assessment indicators system		
Result	**Indicators**	**Evaluation criteria**
Commercial	- net discounted income (NPV); - internal rate of return (IRR);	NPV>0 IRR> r
Budget efficiency	• budget efficiency indicator (B_t)	$B_t = \sum_{t=0}^{T} \frac{(P_t - I_t)}{(1+r)^t} > 0$, Here, P – budget revenues for a certain period; I – investing in a project for a
Additional recommendations for use		
Integral social efficiency	Final integrated project efficiency (R_{int}) indicators: • K_1 – the purpose of the project is compliance with the priorities of socio-economic development of the country's economy; • K_2 – the level of social efficiency of the project; • K_3 – the level of development of performance indicators of the project; • K_4 – level of financial support for the project;	$R_{инт} = \sum_{i=1}^{5} K_i \times Y_i > 0$, Here, Y_i – K_i weight coefficient of the complex indicator
Project implementation efficiency	• Project implementation efficiency indicator (PIEI)	$PIEI = XUH x \sum_{t=0}^{T} \Delta GDP_t$ Here, XUH – the share of its investments in the total volume of costs in the economy during the project implementation period; ΔGDP_t – GDP growth during the project implementation period. Here: $XUH = \frac{\sum_{t=0}^{T} \frac{I_t}{(1+r)^t}}{\sum_{t=0}^{T} \frac{X_t}{(1+r)^t}}$, Here,

Figure 2. System of indicators for assessing the effectiveness of projects in the investment portfolio[8]

[8] Author development

The purpose of project financing through portfolio investments is to raise capital to implement a variety of business initiatives to generate profits at a relatively low level of risk. Portfolio investments include investing in financial instruments such as stocks and bonds, which set the stage for investors to diversify their risks. Also, the purpose of financing projects through portfolio investments is to create a mutually beneficial model in which investors receive income from their investments, while companies receive the necessary resources to develop and implement their goals.

Conclusions and suggestions. Evaluation actions before financing projects through portfolio investments begin long before the start of the first phase of the project, and at each stage, from time to time, the documentation of the event is carried out until it is submitted to the archive. Project evaluation is part of investment analysis. And it is of particular importance to study how Analysis and assessment differ radically.

The analysis and evaluation process forms an integral part of the design task management process and serves as the basis for decisions on its implementation. It is carried out at the corporate level during the strategic and tactical processes of implementation of investment policy, as well as at the level of local projects.

In general, increasing the effectiveness of project financing through portfolio investments can be achieved through several key strategies. In particular, investing in different projects and industries reduces risks and increases overall income. Diversification helps to minimize the impact of negative factors on individual investments. Careful analysis of risks for each project allows you to more accurately assess their potential profitability and probability of success. This includes financial analysis, market assessment, competitive environment and other factors. The correct structure of financing minimizes the cost of capital. The use of analytical tools and technologies to evaluate projects will help you make better decisions about investments. In matters of determining economic efficiency, of course, the most difficult thing is to determine the level of project profitability.

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