

General Economic and Social Problems of Development of Investment Activity

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ABSTRACT

In this article examines the general economic and social investment activity. Recommendations on the general economic problems the development of innovative activities were also produced.

Investments (from Latin invest - invest) – implementation certain economic projects in the present with the expectation of receiving income in the future.

Investments in a broad sense mean funds, property and intellectual assets of the state, legal entities and individuals, directed towards the creation of new enterprises, expansion, reconstruction and technical re-equipment of existing ones, acquisition of real estate, assets, shares, bonds and other securities for the purpose of generating profit and/or other positive effect.

It should be noted that in terms of economic content, investments do not include the so-called “consumer investments” (purchase of cars, televisions, apartments, dachas, etc.), which do not lead to capital growth and profit.

As a rule, they are spent on direct long-term consumption that does not generate profit, and if their acquisition does not pursue purposes for subsequent sale or industrial use.

Investments are the investment of capital with the aim of subsequently increasing it. The capital gain must be sufficient to compensate the investor for refusing to use available funds for

consumption in the current period, to reward him for the risk, to compensate for possible losses from inflation in the coming period.

Capital is something that can generate income; resources created people to produce goods and services; invested in a business, a functioning source in the form of means of production.

Source of capital gain, driving motive for implementation investment - making a profit. Investing capital and receiving profits can occur in different time orders: sequentially, parallelly and intervally. When these processes occur sequentially, profit is obtained immediately after completion of the investment process. When their flow is parallel making a profit is possible even before the investment is completely completed (for example, after its first stage). When the processes under consideration occur at intervals, a certain time passes between the completion of the investment and the receipt of profit. The gap in time is usually called a lag.

Thus, the time lag is an indicator that reflects the lag or advance in time of one phenomenon compared to another (for example, the time from the moment of investment to the receipt of return (profit)). The length of the lag depends on the forms of investment, the features of specific investment projects and other factors. Thus, investments mean the investment of any funds in tangible, intangible and financial assets for the purpose of making a profit or other beneficial effect. The economic essence of investments can be disclosed when grouping their numerous species according to various classification criteria.

In addition, there are other classification criteria. Investments are classified according to the degree of risk:

- risk-free - characterize investments in investment objects for which there is no real risk of loss of expected income or capital and the planned result is practically guaranteed; with the level of acceptable risk - assume the possibility of losing the expected net estimated profit;
- with a critical risk level—assume loss not only of profit, but also of the entire expected amount of estimated gross income;
- With a level of catastrophic risk - they allow the possibility of losing all their own assets, for example, as a result of bankruptcy.

Limit values for the probability of risk of financial losses when investing, according to experts, are:

- for investments with an acceptable risk level - 0.1;
- investments with a critical risk level of 0.01;
- Investments with a catastrophic risk level of 0.001.

This means that the investment project under consideration must be rejected if it is known that in one case out of 10 such projects lost all profits; in one case out of 100 – lost all gross income; in one case out of 1000, all assets are lost.

Sometimes investments are divided according to the completeness of their coverage of constituent resources into gross and net. Gross investment (GI) characterizes the total volume of invested funds aimed at new construction, acquisition means of production, for the increase in inventories and other physical assets. Net investment (NI) is the amount of gross investment reduced by the amount of depreciation charges (A) in a certain period:

$$\text{CHI} = \text{VI} - \text{A. (1)}$$

According to the sources of project financing, investments made on the basis of own financial resources are distinguished, borrowed and other attracted funds. Own financial resources include profit, depreciation charges, accumulation funds and savings and other intra-economic reserves of the investor, as well as funds paid by insurance authorities in the form of compensation for

losses from accidents, etc.

Borrowed financial resources of investors include bank and budget loans, bond issues and other funds received under debt obligations. With the transition to market business conditions relatively new sources of investment resources are tax investment credit and investment leasing. The investment tax credit is the amount of accrued taxes subject to payment to the state budget, but only after the end of the grace period for completing the investment activity for which such a tax credit was provided. Such tax payments deferred by authorities until time remain in the company's turnover and act as an additional source its investment resources. In each reporting period, the amounts by which tax payments are reduced cannot exceed 50% of the corresponding amounts tax payments determined according to general rules without taking into account the presence of investment tax credit agreements. At the same time, the credit amount accumulated during the tax period cannot exceed 50% of the amount of tax payable by the organization for this taxable period.

Investment leasing is considered as one of the types of long-term loans provided in kind and repayable in installments. Leasing is a type of entrepreneurial activities aimed at investing temporarily free or attracted financial resources, when under the agreement the lessor undertakes to acquire ownership of the property stipulated by the agreement property to the lessee for a fee for temporary use for entrepreneurial goals. Classic leasing provides participation of three parties in it: the lessor, the lessee and the seller (supplier) of the property. The basis of any leasing transaction is a financial transaction in which the owner of the property (lessor) first acquires the property at his own expense or the funds raised by him, and then transfers it for production use to an individual or legal entity who pays the cost of the property not at a time, as when purchasing it, but gradually, throughout the entire leasing period.

The lessee organization has the opportunity to use provided property without mobilizing large financial resources and without attracting loans, while maintaining a stable financial position, determined by the ratio of borrowed funds and own funds. That is why the most popular Investment leasing is used by small and medium-sized organizations. When organizing new production facilities,

Attracted financial resources include funds received from the sale of shares, shares and other additional contributions from domestic and foreign investors; funds centralized by associations (unions) of organizations in the established ok; funds from various levels of budgets and extra-budgetary funds (entrepreneurship support funds, etc.). The division of financial sources into own, borrowed and attracted ones that exists in practice is very arbitrary. Depending on the conditions on which finance is raised, they can be classified as own if they are attracted on an irrevocable basis and/or as borrowed if they are taken on a repayable basis. Classification of forms (types) of investments and types of investors (see paragraph 6.1 of this manual) allows an organization (enterprise) to more effectively manage its investment portfolio.

Thus, by investment we mean the investment of any funds into tangible, intangible and financial assets in order to making a profit or other effect.

The subject of investment activity is those specific objects where investments are made. For example, newly created and modernized fixed assets and working capital in all spheres of the Russian economy (capital investments); securities; targeted cash deposits; scientific and technical products; property rights and intellectual property rights; know-how and other property.

The main subjects of investment activity are investors and users of investment objects. The specificity of investors lies in their refusal to immediately consume available funds in favor of satisfying their own needs in the future at a new, higher level. In a market economy, as a rule, the user of investments, the consumer of capital is the sector of business firms, while as the

functions of a saver and a provider of capital are assigned to the household sector, and special institutions are engaged in investment.

Participants in investment activities are:

- investors;
- customers;
- contractors;
- users of investment objects;
- Other persons.

According to Uzbekistan legislation, they can be economic entities subjects, banking and non-banking financial and credit institutions, intermediary organizations, investment exchanges, foreign legal entities and individuals, states and international organizations. Investors can be depositors, buyers, customers, creditors and other participants in investment activities. Users of objects of investment activity are legal entities, individuals, state and municipal authorities, foreign states, international associations and organizations using investment objects. Subjects of investment activity can act simultaneously as investors and as users of investment objects, and also combine the functions of other participants in this activity. Relations between various investment entities activities are formalized by an investment agreement (contract).

Investors perform the following functions:

- carry out independent selection of investment objects;
- determine the directions, volumes and efficiency of investments;
- Control their intended use.

Investors have equal rights to:

- carrying out investment activities in the form of capital investments;
- ownership, use, disposal of the results of capital investments and the objects themselves;
- transfer under an agreement and/or government contract of their rights to make capital investments and their results to individuals and legal entities, government agencies and local governments;
- exercising control over the intended use of funds;
- pooling of own and attracted funds with funds of other investors;
- Exercise of other rights provided for by the agreement and/or government contract.

Subjects of investment activity are obliged to:

- carry out investment activities in accordance with international treaties of the Russian Federation, laws, standards, regulations;
- fulfill the requirements presented by government agencies;
- Use funds allocated for capital investments for the intended purpose. Investments considered from the object side are of a dual nature:

Firstly, they act as investment resources that reflect the amount of income not used for consumption;

Secondly, investments are investments (costs) into objects of entrepreneurial or other activity that determine the increase in the value of capital property.

Thus, in the process of organizing investment activity, the state and business entities use

combinations various economic, organizational and legal methods with a corresponding variety of forms, incentives and restrictions on economic activity.

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