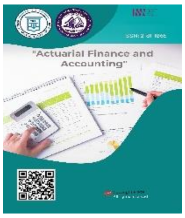

AKTUAR MOLIYA VA BUXGALTERIYA HISOBI ILMIY JURNALI

Vol. 4 Issue 11 | **pp.** 269-275 | **ISSN**: 2181-1865
Available online https://finance.tsue.uz/index.php/afa

FACTORS AFFECTING THE INVESTMENT ENVIRONMENT AND ITS FINANCING SOURCES

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Annotation: This article explores the various factors that can affect the investment environment and the sources of financing available to investors. The investment environment is influenced by a range of factors, including economic conditions, political stability, regulatory environment, and market dynamics. These factors can impact the risk and return profile of investments, as well as the overall attractiveness of a particular market.

Key words: investment, investment activity, investment environment, investment policy, state budget, investment financing.

В этой статье рассматриваются различные факторы, которые могут влиять на инвестиционную среду и источники финансирования, доступные инвесторам. Инвестиционная среда находится под влиянием ряда факторов, включая экономические условия, политическую стабильность, нормативно-правовую среду и динамику рынка. Эти факторы могут влиять на профиль риска и доходности инвестиций, а также на общую привлекательность конкретного рынка.

Ключевые слова: инвестиции, инвестиционная деятельность, инвестиционная среда, инвестиционная политика, государственный бюджет, инвестиционное финансирование.

Ushbu maqola sarmoyaviy muhitga ta’sir ko‘rsatishi mumkin bo‘lgan turli omillar va investorlar uchun mavjud bo‘lgan moliyalashtirish manbalarini o‘rganadi. Investitsion muhitga iqtisodiy sharoitlar, siyosiy barqarorlik, tartibga solish muhiti va bozor dinamikasi kabi bir qator omillar ta'sir ko‘rsatadi. Ushbu omillar investitsiyalarning tavakkalchilik va daromadlilik profiliga, shuningdek, ma'lum bir bozorning umumiy jozibadorligiga ta'sir qilishi mumkin.

Kalit so‘zlar: investisiya, investitsiya faoliyati, investisiya muhiti, investitsiya siyosati, davlat byudjeti, investitsiyalarni moliyalashtirish.

Currently, attention is paid to investments as the basis of economic and social development of any country. Because the world experience shows that the economy of the country that attracted more investments and created a favorable investment environment achieves rapid growth of the economy of that country. Investment as an economic category has a very broad meaning. The concept of investment (derived from the Latin word «investio», which means «to wear») is interpreted in practically any dictionary as the investment of capital in economic sectors at home and abroad[1].

Investments play a leading role in the development of the economy, because through investment, capital accumulation of enterprises is achieved, as a result of which expansion of the country's production capabilities and economic growth is achieved. Therefore, it is important to attract more investments to the economy of the country and to use them effectively.

Investments have been given different definitions by our scientists. In particular, the Russian economist L. Igoshina defined it as: «Investment is defined as any instrument that can be used to save, increase or secure money, taking into account the provision of a positive amount of income»[2]. Professor A. Neshitoi, the author of the textbook «Инвестиции», describes the content of investments as follows: «Money directed to various sectors of one's own or another country, to the implementation of business projects, socio-economic programs, and innovation projects, in order to gain profit or achieve other results. is to invest funds (capital) for the long term»[3].

Investments in a broad sense manifest themselves as the future increase of funds and resources and their mobilization in order to obtain economic results or other planned results (social, environmental and other results). Foreign economists-scientists such as U.Sharp, K.Eklund, Campbell, R.McConnell, Stanley, L.Bru have given different definitions regarding the essence of investments. For example, the laureate of the Nobel Prize in economics (1990) U. Sharp said: «Investments are giving up a certain value in the present for the purpose of obtaining (perhaps uncertain) value in the future». They interpret the meaning of the term «Investment» as follows: «It is parting with money today to get profit in the future» and they believe that «Funds can be invested either in real or financial assets». They think «that the meaning of the term investing is to give up money today in order to make a profit in the future»[4]. According to the Swedish economist-scientist K. Eklund: «Investment is something left for tomorrow in order to have more consumption conditions in the future. Part of it is consumer goods that are not currently being used, and the other part is resources that are directed to the expansion of production».

Based on the theories of the scientists cited above, we can understand that a number of factors influence the attraction of investment to the country. Investment growth rates depend on many factors. First of all, the volume of investments depends on the distribution of the received income between consumption and savings. As the average income of the population is low, most of them (70-80%) are spent on consumption. The increase in the income of the population causes the part sent to savings to increase. An increase in the share of savings in the total income leads to an increase in the volume of investments and vice versa. But this condition is fulfilled when the population has high

[1] Советский энциклопедический словарь. – М.: «Советская Энциклопедия», 1979
[2] Игошина Л.Л. Инвестиции. Уч. пос. – М.: «Экономист», 2005. – С. 23.
[3] Нешитой А.С. Инвестиции: Учебник. – 4-е изд. – М.: «Дашков и К0», 2006. – С. 13.
[4] Шарп У., Александр Г., Бейли Дж. Инвестиции. Пер. с. англ. – М.: «Инфра-М», 1997. – С. 16, 979

trust in the state, when the state provides and guarantees investment activity of citizens. The amount of investment is also influenced by the expected rate of return, because the expected profit encourages investment. The higher the expected rate of return, the higher the investment volume, and vice versa. The loan interest rate has a great influence on the volume of investments, because borrowed funds are also used in the investment process. If the expected net profit rate is higher than the average loan interest rate, 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 rate of inflation also affects the volume of investments. The higher this indicator is, the more the investor's future profit is depreciated and the incentives for investment are reduced. It is known that economists-scientists consider savings as the basis of investment. This is absolutely true, because in order to invest, first of all, you need to have money capital. Resources (including money) are limited. The main problem is finding funds. In particular, investment is distinguished by its long-term focus and does not give quick results. Accumulation is a process aimed at increasing the consumption of the population in the future by expanding the material base of processing in the current period. The main function of accumulation is to help achieve the ultimate goal of the reproduction process. The purpose of the reproduction process is to meet the growing and changing socio-economic needs of the population. In economic theory, a part of the national income is used to increase fixed and circulating capital, as well as demand reserves, which characterizes savings. Savings are usually included in the economy as an investment, that is, the positive impact of the savings on the economy occurs only when it becomes an investment. Savings means that the current income of the population, enterprises and the state accumulates for the purpose of meeting future needs and obtaining income. Its size is determined by deducting consumption expenditure from the income of all households. The higher the share of consumption expenses in the income structure, the smaller the amount of savings. Such a situation does not have a positive effect on the development of investment activity. The growth of savings in the economic sense means that funds are directed from the purchase of consumer goods to the purchase of investment goods. Accordingly, deferred consumption represents savings. However, society always faces the problem of deciding how much consumption will be today and tomorrow. The more a society invests today, the richer it will be tomorrow, and on the contrary, the more it consumes, the less it can consume later. Although the share of investments in gross expenditures is relatively small, the main macroeconomic shifts are achieved precisely because of investments. At the same time, the balance between savings and investment is the most important condition for achieving macroeconomic balance. However, achieving this balance is not always easy. The reason for this is that the level of investment and the level of savings depend on different processes and circumstances.

In developing countries such as China and South Korea, the average value of the savings share was 30% during the period of 10% economic growth observed over the last 15 years. The experience of developed countries has shown that in order to ensure economic growth of more than 6 percent in one year, national savings should be at least 25% of GDP, and investments should be 30%. The existence of the problem of ensuring the stability of the investment rate in countries with a transition economy prevents the stability of macroeconomic growth rates. So, although the share of savings in the economy is higher than the level of a number of developing countries, its impact on economic growth is relatively low. In this regard, in order to ensure the continuity of stable economic growth based on the effective use of the fund, first of all, it is aimed to activate the existing population savings as an investment in the economy based on the development of the stock market, and to ensure the flow of inter-sectoral capital. It is necessary to improve the efficiency of enterprise savings into investment based on the improvement of the base of legal documents. Investments, as an economic category, perform a number of functions and tasks, without which the economy of any country cannot develop smoothly[5].

The process of structural changes and modernization actively implemented in the economy in recent years has further increased investment activity. A significant year-by-year increase in the volume of investments in the economy inevitably allows to show its positive results through the growth of the national production. As a result of the attention and support given by the state to the development of investment activities, the volume of GDP and the amount of investments have increased. To increase the flow of investments into the country, it is necessary to increase the investment attractiveness of the country. The higher the investment attractiveness, the improved investment environment and the favorable business environment, the more investments will enter the economy of that country and the faster the country's economy will develop. The concept of investment attractiveness is defined as follows: Investment attractiveness is the evaluation of investments of a country, a sector or an individual enterprise in terms of profitability, development prospects and the level of investment risk. Investment attractiveness is determined by the simultaneous influence of two groups of factors that form the level of investment potential and investment risk. By evaluating such indicators, it is possible to determine the appropriateness and attractiveness of investments, the level of investment risk. The level of investment risk is directly related to the investment environment.

Also, the goal of improving the investment environment is to create the necessary and optimal conditions for increasing the investment potential. Investment potential is understood as a set of resources consisting of production reserves, capacities, forces, opportunities, etc., which are used (used) in economic activity. Investment potential characterizes the level of opportunities to invest in assets that will be used for a long time in order to gain profit or achieve a positive social effect. Investment potential describes the sum of several factors that have been formed in the country over the centuries. These factors include production factors, natural resource factors, labor factors, innovation and consumption factors, and the country'sfinancial potential.

[5] World Investment Report (2020). https://unctad.org/system/files/official-document/wir2020_overview_ru.pdf

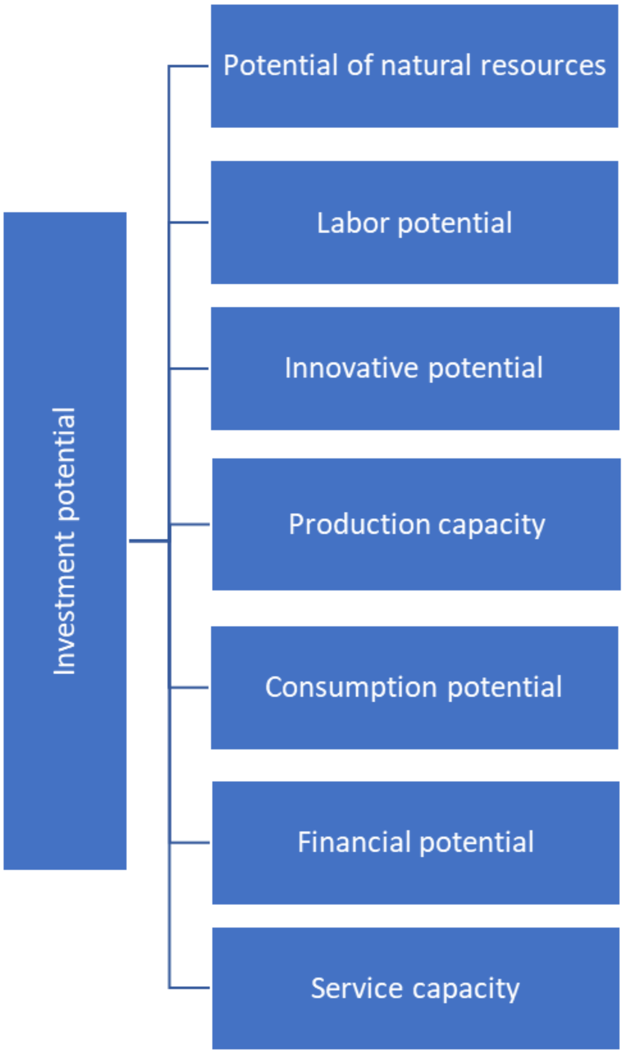

Figure 1. Investment potential factors[6]

We can see from the picture below that the presence of these factors representing the investment potential can be one of the main reasons why foreign entrepreneurs invest in that country. However, the availability of investment potential cannot guarantee a stable inflow of foreign investment in the long term. Without favorable investment conditions in the country, the investment potential is still «undigested» wealth. The assessment of the investment environment is based on investment conditions.

It is known that the government improves investment conditions in the country, improves the macroeconomic situation, tries to achieve economic stability and ensures economic growth. This not only ensures the attractiveness of the investment environment for foreign investors, but also activates domestic investment processes. It is worth noting that in the formation of the investment environment in our country, it is necessary to constantly improve the legal and regulatory system. This, in turn, encourages foreign investment and ensures economic growth. At the same time, the reconstruction of the economic structure is closely related to the implementation of an active investment policy. Development and deepening of the investment base is an important condition of the

[6] Compiled by the author based on the data

reform strategy. The established directions of construction of the economy structure, the expansion of export opportunities, can be achieved only by conducting a strong investment policy. For this, it is necessary to use both our own investments and external loans, direct investments and all their sources. In the conditions of the market economy, financing of investment projects is carried out by attracting various sources organized by investors, including financial resources, at the expense of issuing securities and bonds in exchange for loans. In general, we can see the sources of financing real investment projects from Figure 2 below.

Figure 2. Sources of financing of real investment projects[7]

Each of these forms and sources of financing has its own socio-political and economic aspects, therefore, the most convenient form and method is selected after analyzing the forms of financing investment projects. The most reliable source of investment financing is own funds. Any commercial organization always seeks to finance investments at its own expense. In this case, the problem of where to get financing sources does not arise, and the risk of bankruptcy is reduced. There are also positive aspects. In particular, self-financing indicates the development of the enterprise and its good financial condition, and it will have a certain advantage over competitors, which may not be possible in other enterprises. The main source of self-financing of any commercial organization is mainly net profit and amortization. Attracting more foreign direct investments and their effective use play an important role in the development of the country's economy. The inflow of foreign direct investments into the country helps to establish various forms of ownership in a short period of time, ensures the structural restructuring of the country's economy, and the establishment of prestigious industries. It is not an exaggeration to say that the most important thing is that it ensures that it takes its products to the international market and has its place there. According to the researches,

[7] Compiled by the author based on the data

the state of attraction of foreign direct investments and their effective use of the national economy, the size of the domestic market and exports, availability of natural and mineral resources, qualified workforce, pace of market reforms , is related to economic stability factors.

In conclusion, we can say that increasing the flow of investment attraction is currently one of the most important conditions for the development of our country's economy. In order to increase the investment attraction, first of all, it is necessary to convince investors that they can benefit from their investment, and in fact, it is important to create conditions for the investor to be able to effectively benefit from their investment. We can increase the volume of investments entering the economy of our country by timely eliminating problems and shortcomings in this area. This requires paying great attention to the work being done in our country. In this regard, it is important to increase the scientific research works in this field and increase their efficiency. We know that a lot of attention is being paid to investment policy in our country. As a result, the investment attractiveness of our country is increasing year by year, and the volume of investment is increasing significantly. As proof of this, we can cite the changes taking place in every field. Based on the above, increasing the volume of investment creates the need to continue reforms aimed at improving the investment environment and creating a favorable business environment in our country, and by consistently continuing these activities, we will quickly achieve high macroeconomic growth rates in our country and rapidly develop our economy. is the main task facing our country today. Because the development of any sector of the country is directly dependent on the economy.

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