

Invitation of Population Funds in Uzbekistan Some Aspects of Private Investment Development

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Abstract

The article provides for research on the specifics of the ways of active attraction and development of private investment, which is an integral part of private investment in the economy of the republic, as well as the development of scientific and practical proposals and conclusions to address existing problems and solutions.

Keywords: *private investment; population funds; investment activities; financing, investment projects, sources of financing.*

Introduction

In the current conditions of transformation of the national economy, the implementation of active investment activities as a leading factor in the innovative development of the economy is becoming a requirement of the times. Insufficient investment resources, unfavorable investment conditions, the weak mechanism of the state's active investment policy have a direct impact on the conduct of investment activities of business entities in the country.

Such an environment, of course, also affects the investment activity of business structures. Because in a market economy, the development of these structures will not be possible without improving the production of products, reducing its cost, attracting investment in the development of new competitive products. Attracting financial resources to implement the investment process also creates great opportunities. The availability of its sources is also required as a prerequisite for the provision of financial resources.

One of such sources of investment is private investment, the advantage of which is that it is mainly intended for effective investment projects.

While the use of public funds as capital in production can ensure high economic growth, the current conditions created in Uzbekistan - the opportunities for which are currently limited. At the same time, the country has a number of real opportunities to attract private funds for investment projects of business entities, which can have a positive impact on economic growth.

Therefore, it is important to study the development of private investment with the active involvement of public funds in investment projects and to develop a scientific and practical framework in this area and its effective implementation in practice.

Review of the literature on the subject

At the stage of implementation of any investment project, the availability of known financial resources is required. The structure of sources of investment financing depends mainly on the state of economic policy, legislation (mainly tax legislation), investment infrastructure in the country. It

should be noted that the process of investment and investment activities in the Republic of Uzbekistan is regulated by the Law of the Republic of Uzbekistan "On Investments and Investment Activities" dated December 25, 2019 and is the legal basis of these relations. a set of interrelated measures aimed at ensuring the required level and structure of investment in individual sectors, increasing investment activity of investment activities aimed at finding sources of investment and identifying priority areas for their use "[1].

At the current stage of deepening market reforms and modernization of the economy, there is a need for enterprises to decide on the sources of investment.

Many scientists and economists have expressed their views on the financing of investment activities and its sources. In particular, according to economist *Neshitoy* , "Investment activity is the sum of the placement (investment) of funds and the implementation of practical actions in order to generate income and achieve profitable results" [2].

L.L.Igonina also notes that investment activity can be understood even in a narrow sense. According to him, "investment activity, or in other words, private investment activity (investment) manifests itself as a process of inflow of investment resources" [3].

In our opinion, these definitions of different interpretations, if enriched with scientific and practical approaches to the placement of funds in projects in investment activities and which financial sources have a direct positive impact on their effectiveness, would reveal the essence of this activity.

At the same time, the approaches of economist MK Pardaev to this scientific point of view are important in their harmony. According to MK Pardaev, "The interest of the investor is in the profit he receives for his investment, the interest of the entrepreneur is in the fact that he attracts someone's money and earns a lot of profit, and the interest of the state is in the taxation of profits. is reflected in the saturation of the market with products (works, services) "[4].

At the same time, economists say that the active involvement of some financial sources in investment projects will have negative consequences.

In this regard, according to E. Gaidar, if the government of the country wanted to influence the investment process in all areas (ie by investing directly in the budget), the results were tragic [5]. According to Dulich, the desire to take over an area that cannot be fully covered distracts the state from its main task and undermines the state's reputation as a participant in the investment process [6].

In this regard, the practice of reducing the participation of other private funds as a result of the large inflow of public funds into investment activities, in our opinion, will inevitably lead to inefficient investment and undermine investment activity in the economy. Therefore, we support the wide and active involvement and use of its alternative sources in the financing of investment projects.

Research methodology

This article examines the existing scientific works of economists, reflecting the investment activities and the involvement of financial resources in projects. As a research methodology, the literature used the methods of comparative analysis, logical and structural analysis, grouping and comparative comparison, economic-statistical analysis and substantiation of hypotheses.

On the basis of these studies, conclusions were drawn on the implementation of investment projects with financial resources, including private investment, the broad and active involvement of the

population, and thus economic efficiency, and relevant scientific and practical recommendations were developed. In order to increase the economic efficiency of investment projects, it was argued that the profitability of projects can be achieved through the right approach to the use of public funds.

Analysis and results

The advantage of developing private investment is that it is mainly designed for effective investment projects. While the use of public funds as investment in production can ensure high economic growth, the current conditions created in Uzbekistan are limited. At the same time, the country has a number of real opportunities to attract private funds for investment projects of business entities, which can have a positive impact on economic growth. It should be noted that the population's capital is the main source of investment around the world.

The attraction of public funds for investment in the country is lower than other sources. The participation of the population in investment was 8.9% in 1997, in 2000 it accounted for 12.0% of total investment, and in 2004 it was 12.4%. In 2019, this figure was 9.8%, and by 2020, 8.9% of total fixed capital investments were disbursed at the expense of the population. This means that over the past years, participation in public investment activities with public funds has not increased at all, but has decreased over the years.

On the contrary, the experience of leading countries, especially in the United States, is characterized by a high level of investment in the population. In the United States, it accounts for 70% of total financial assets. Their share is 5 times higher than the share of public funds and commercial banks [7].

In Japan, too, the population is investing very much big financial assets is the owner. They have it too the funds are fully invested as in the US directed.

Currently, the population in Uzbekistan is not invested of funds increasing observed. This credit finance institutions market requirements specific as activity show they can't is the result. In the end, this funds bank and head finance _ in institutes attractive they are immovable property and becoming valuable currencies. Keynes interpretation with in the words of " investors' funds spend if they want , the population will save more collect with ovora in this case , the fund Or, as M.Q. Pardaev points out, " it is not necessary to keep the excess money, whether it is in the population or in the enterprise. It must be invested . perhaps everyone loses "[4].

Therefore, a wide range of conditions should be created for the use of public funds in investment by banks and other financial institutions (for example, the conversion of public funds into bank loans and thus financing investments, increasing public interest in purchasing securities). Or, as an example of the use of extra-budgetary funds to finance small businesses, attracting private investors to these funds through the issuance of income bonds may be one of the possible measures in this regard, as well as the opening of special structures within these funds . would be appropriate. The state, in addition to supporting the creation of such conditions, can provide financial institutions working with public funds with a number of tax incentives and state guarantees.

A special support for the promotion of private investment is the system of state trade guarantees (this practice is mainly used in foreign investment). In our view, government support for the guarantee of direct financing of an investment project is in the interests of both the public and private sectors. In this case, the following main tasks are solved:

- The efficiency of the use of state property will increase significantly through the involvement of financial resources in investment projects;
- The use of investment as a result of state guarantees of financial resources, financial revitalization of business;
- Increases the sense of responsibility of entrepreneurs in the return of invested funds.

In high-risk conditions, the state can increase investment and investor interest by providing guarantees, and this can be an effective way to attract foreign capital as well. This is because foreign investors are closely monitoring the political situation in the country. However, the use of a single state guarantee in private investment does not mean that favorable conditions have been created for the investment process. There will also be many restrictions on the use of warranties. First, the state can guarantee the investor's capital investment from political risk (i.e., changes in tax policy, legal norms, foreign trade policy). Political risks should be distinguished from commercial risks, as they are associated with sudden changes in prices, product demand, and so on. These risks are completely devoid of government influence, and attempts to protect investors can lead to a tragic disadvantage: in this case, the amount of budgetary obligations to investors may be so large that there is no real possibility to pay the amount specified in the guarantee agreement. and can become plain paper. It is well known that in practice, commercial risk is the main limiting factor in making investment decisions.

Another measure, the establishment of a real system of insurance of private capital investments, can also give good results in this work. In this process, state support would increase the population's confidence in financial institutions and direct the available funds for investment. However, the mechanism of state regulation of the activities of credit and financial institutions working with the funds of the population must be strictly enforced, otherwise the negative aspects of their activities or their breakdown can lead to acute social consequences and distrust of the entire credit and financial system.

Thus, rather than directing public investment, the attraction of public funds to the economy, in our view, would lead to higher efficiency, including sustainable economic growth. This would allow entrepreneurs to run their production more efficiently, increasing their activity and competition in attracting investment.

A positive and negative relationship can also be established between public and private investment. In a negative relationship, public investment can replace private capital, which means that an increase in public capital spending in certain areas, in turn, leads to a decrease in private capital. On the other hand, its positive correlation can also be observed, i.e. the growth of public investment leads to the growth of private investment. A negative correlation exists when the state directs its funds to projects that benefit private investors (e.g., agriculture, industry, and other sectors). Positive interdependence occurs when budget funds are directed to non-profit projects for private business, ie in the social sphere (health, education, housing), science development, infrastructure (roads, energy distribution system).

Conclusions and recommendations

1. Attracting public funds to the economy, rather than directing public investment, would, in our view, be highly effective, including sustainable economic growth. This would allow entrepreneurs to run their production more efficiently, increasing their activity and competition in attracting investment.

2. Investment attraction of the population in the Republic is less than other sources. The participation of the population in investment was 8.9% in 1997, in 2000 it accounted for 12.0% of total investment, and in 2004 it was 12.4%. In 2019, this figure was 9.8%, and by 2020, 8.9% of total fixed capital investments were disbursed at the expense of the population. This means that over the past years, participation in public investment activities with public funds has not increased at all, but has decreased over the years.
3. One of the possible measures in this direction is to attract extra-budgetary funds to finance these enterprises as a form of using funds to finance small businesses, as well as the establishment of special structures within these funds that have the right to attract private funds. would be.
4. A special support for the promotion of private investment is the system of state trade guarantees (this practice is mainly used in foreign investment). In our view, government support for the guarantee of direct financing of an investment project is in the interests of both the public and private sectors. In this case, the following main tasks are solved:
 - ✓ The efficiency of the use of state property will increase significantly through the involvement of financial resources in investment projects;
 - ✓ The use of investment as a result of state guarantees of financial resources, financial revitalization of business;
 - ✓ Increases the sense of responsibility of entrepreneurs in the return of invested funds.

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