

SOURCES FOR INVESTMENTS FINANCING AND PECULIARITIES OF THEIR FORMATION

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Abstract: This article is devoted to the consideration of current issues of sources for investments financing and peculiarities of their formation. In addition, the article represents scientifically-grounded conclusions and recommendations based on the results of the research.

Key words: investments, innovation, Gross Domestic Product, an investor, investment activity, investments financing.

Introduction. Currently it is a well known fact that in terms of formation and development of the branches of real sector of the national economy in compliance with the market relations, organizational and legal entities of various forms of ownership have been developed and the share of state-owned property in the Gross Domestic Product (GDP) is gradually decreasing, while the share of the non-state sector is steadily increasing. As a result, the structure of revenues in the GDP is changing creating favorable conditions for attracting non-state enterprises and organizations to the transition from centralized distribution of capital to market forms of investment, as well as attracting foreign investment directly into investment activity. As a result, the role and place of the state as a direct investor in the further activation of investment activity in Uzbekistan economy can be witnessed in the development of private investors. This, in turn, is characterized by the emergence of new institutional structures, formation and further development of such entities as investment infrastructure, i.e. commercial banks, specialized finance and credit investment institutions.

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Literature review and results of the analysis. The President of the Republic of Uzbekistan Sh. Mirziyoyev has mentioned the importance of the establishment of the fund for financing long-term state development programmes for the further development of the Republic of Uzbekistan. At the same time, it has been mentioned that one of the most important tasks of the economy is to encourage attracting funds accumulated by the population in the form of investment, as well as developing entrepreneurship skills of the population (Mirziyoyev, 2017).

As the analysis shows, the system of investment activity financing in the private sector of the national economy has been improved and the forms and sources of investment are enhancing thus this trend is considered to be positive. Taking this fact into account, the main favorable conditions for the implementation and development of investment activity in terms of market relations, in our opinion, are as follows:

- significant increase in funding sources for implementing investment activities;
- increasing the priority of private capital over the state capital;
- continuous growth rate of the number of business entities and objects of various forms of ownership participating in investment activity;
- formation of the investment market, which is coordinating the demand and supply of investment through the accumulation of free cash assets and attracting them in investing activities, as well as the development of its institutions.

We believe that these processes will gradually lead to great opportunities for the development of the investment capital formation system with the account of the type of ownership and financing sources. At the same time, the change in the structure of the investment capital and the organizational structure of the investment entities in accordance with the requirements of the market economy create favorable conditions for the further improvement of the process of accelerating and diversifying the investment activity. Decrease in participation of the state in investing activities occurs due to the reduction of the government revenues attracted in the types of the investment activities in the transition period.

Hence, the decrease of the demand to make investments in the prior sectors of the economy, precisely, to the real sector of the economy at the expense of the state budget makes it possible to solve the problems related to financing through the private sector. However, despite the growing

tendency of private sector enterprises, banks and financial resources, their current opportunities and potential are not sufficient to solve all issues in the investment activity.

The reduction of government support for priority sectors in implementing investment activities at the expense of the state budget is a natural condition inherent for the state investment policy to be transferred to private structures: businesses, banks and the population. However, despite the fact that the amount and scope of investing activities in the private sector is currently rather high, their role in investment activities is still considerably lower than the role of the government.

It should be noted that with the change of ownership forms, the role of government sources in financing investment activity is gradually being replaced with the various private investment sources. Consequently, it will be reflected in non-centralization of the investment activity and, as a result, enhancing the scale and efficiency the of investment activity.

Currently, this situation occurs mainly due to the privatization of state-owned property, which has resulted in the creation of financial back-up opportunities for the investment activity.

Moreover, it is important to emphasize the significant aspects of the investment-financial resource analysis of this issue, as well as the development of the mechanism of transformation of the savings into investments. Research of the conditions of complete and effective use of all available investment financing capabilities is related to the change in structure and compliance of internal and external sources of investment activity in terms of the market relations.

In economic literature, domestic investment sources include the equity of the enterprises, financial market resources, population savings, as well as the investment funds allocated from the budget.

Foreign investments, loans and borrowings are considered to be external sources. This classification reflects the internal and external resources system in terms of their formation and application at the national economy level. However, it can not be used for macroeconomic analysis of these processes.

It should be noted that from the point of view of relativity, the funds of investors such as budget investments at the level of the enterprise or a company, credit organizations, insurance companies, non-government pension and investment funds and others are considered to be not internal but external sources of financing. Savings of the population that can be channeled to the investment activity also represent external financial sources of the company. In the period of transition to the market economy, a gradual shift of the investment activity towards the private sector will have a major impact on the formation and development of private businesses and joint ventures as well as on the structural classification of investment activity financing. For example, companies with private or public ownership may have their own savings in the form of internal resources. Investments of foreign proprietors in joint ventures with foreign companies are considered to be an internal source for this company. Thus, as market relations develop, sources of financing of investment activity of the companies are increasingly become more diverse.

Discussion and conclusion. In conclusion we may say that the internal and external sources of financing of investment activities at macroeconomic and microeconomic levels are quite different from each other. The necessity to clarify the classification of sources of investment activity depends on the objective changes in the transition to the market model of investment, the distribution of the functions of state and companies in investment processes, the investment market, as well as the development of the system of institutions that concentrate on investing in entrepreneurial activity. As the analysis of sources of investment activities financing in the developed countries illustrates, the share of domestic sources in the volume of total investment expenditures varies considerably in different countries depending on many objective and subjective factors. In economic literature, the ratio between the internal and external sources of investment in western countries is estimated in different ways.

Our analysis shows that the system of investment activity financing in the private sector of the economy of the republic has been improved and we can witness the increase of the forms and sources of investment and this fact should be considered as a positive trend.

Taking into account above-mentioned conditions, in our opinion, in the conditions of market relations the following aspects represent basic favorable conditions of implementation and development of the investment activity:

- significant increase of financing sources for carrying out investment activities;
- enhancing of the priority role of private capital over the state capital;
- steady growth of the number of business entities and objects of various forms of ownership participating in investment activity;
- formation of the investment market, which is coordinating the demand and supply of investment through the accumulation of free cash assets and attracting them in investing activities, as well as the development of its institutions.

In our opinion, implementation of the above-mentioned conditions will raise the efficiency of the sources for financing investment activities of the national economy.

REFERENCE

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