

**MINISTRY OF HIGHER AND SECONDARY SPECIAL EDUCATION OF  
THE REPUBLIC OF UZBEKISTAN**

**TASHKENT STATE UNIVERSITY OF ECONOMIC**

**«FINANCE AND TAX»  
Department**

**«Investment project managment»**

**TEXTBOOK**

**Tashkent-2018**

«RECOMMENDED»

Discussed and recommended at the "Finance and taxes" department session.  
Head of the Department S. Khudaykulov  
(chair a meeting of Protocol No. 24  
«04» april 2018 y.)

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## Foreword

In the conditions of the current market economy, our government is working hard to further liberalize the economy. On May 4, 2003, the 12th Annual Meeting of the Board of Governors of the European Bank for Reconstruction and Development was held at the Turkiston Palace in Tashkent.

EBRD President Jan Lemer said at a Tashkent forum that the bank is looking at Uzbekistan with great interest and confidence. He also said that in the future, it will allocate the necessary funds to support investment activity, which is the major economic development issue. It is not accidental, because our country has great potential. The best way to use this opportunity is to improve the mechanism of attracting and financing the foreign and local investment in priority sectors of the economy.

Implementation of the aforementioned measures requires, in turn, the search, formulation of substantial sources of material, financial and intellectual resources and, in general, the introduction of new and favorable investment activities for Uzbekistan.

In the current state, the Government has been consistently implementing a number of key measures to develop this process, particularly the legal basis for investment activity. There are a number of laws and regulations that provide various guarantees for attracting investors from abroad and are being improved with the advancement of market economy.

Structural changes in the economy require a new approach to investing. This approach is based on the following:

- activation of investment process, orienting investment resources to priority sectors of economic development;
- Involvement of enterprises, organizations, population groups in the investment process and solving them on solving the socio-economic problems of the country;
- Creating a favorable investment climate for foreign capital inflows.

Opportunities to finance investment programs have a significant impact on the use of capital resources for the limited resources available. The budget is primarily used to finance the social sphere. The development of production is primarily accomplished through the mobilization of own funds of enterprises and organizations and bank loans.

Investing and financing is a very complex process. Sufficient experience in attraction and financing of investments at the international and national level. The World Bank, with its rich experience in this area, has made considerable progress in investing.

As you know, the financial system plays an important role in the implementation of the investment process. The financial system is a core set of services in the modern market economy. In many countries of the world, financial systems are recognized as a major and sustainable tool for working with entrepreneurs. This led to the rapid development of production specialization. On

the other hand, it allows the financial assets to grow faster, with rapid cash flow and exposure to their financial risk.

An assessment of the alternative way to investment can increase the efficiency of resource utilization through the implementation of the monitoring of the debtors. Through the use of financial instruments, the economic facilities have the capacity to risk and manage. Thus, the development of a sustainable and healthy financial system expands the domestic investment opportunity and ensures economic growth. Fundamentals of the Financial System will be built through the formation of tax systems, accounting, and taxation that are not burdened by financial institutions.

Investment financing is largely based on economic policy, legislation, investment development, level of development and economic status of the country.

For the development of investment activities, it is necessary to have a scientific analysis of the most important factors. This analysis enables you to choose the best way to invest in the future and determine future investment policies that fit every region. In achieving economic growth, it is also important not only to increase the investment volume, but also to select the structure and structure of their investments. The choice of such types of production and enterprises for investment must be rapid and self-sufficient, with the highest possible economic and technological benefits.

At the stage of economic liberalization, it is necessary to dramatically increase the investment volume to accelerate economic growth. At the current stage, it is desirable to find and support non-state investment sources, taking into account the lack of funds.

Effective investment management and financing activities have a number of challenges to be addressed which are based on existing laws and regulations, and generally use investment efficiently

## **1. Chapter: Introduction.**

- 1. The concept of investment.**
- 2. The essence and importance of investments.**
- 3. Investment classification.**
- 4. Investors carrying out investment activity.**

### **1. The concept of investment.**

Investments mean that all kinds of national and intellectual wealth are to be invested, and they need to generate revenue to businesses or achieve any positive effect.

Investments as an economic category are as follows:

- placement of capital on business entities in order to increase the primary capital;
- Economic relations arising between investors in the course of implementation of investment projects.

Investments are also made in the form of capital investments, as well as the cost of new construction, expansion, reconstruction and technical re-equipment of existing enterprises, purchase of equipment, inventory and project products. Economic science and practice stress that the terms "investment" and "capital intrusion" are not the same, ie synonyms. Investments are a comprehensive, comprehensive approach to capital expenditure. When investing in arb publications, the focus is on the stock market as investment in developed countries is largely based on valuable inputs.

U. Sharp investments are described as follows: "Real investment is mainly investments in tangible assets (land, equipment, plants). Financial investments are those contracts that are short. These include ordinary shares and bonds. Most of the investments in emerging economies belong to real investment. In a developed economy, the bulk of investment is driven by the fact that a large number of financial investment institutions have grown into real investment. These two forms of investment are not mutually complementary, but rather mutually complementary. "

The concept of investment is so much broader that it is unique and comprehensive. The investment content in various areas of economic science and in various fields of practical activities has its own peculiarities.

Macroeconomic investment is part of the total cost of new investments in construction, investment in housing and the costs of improving material resources. Investments are part of the GDP that has not been consumed in the current period and which provides capital growth in the economy.

### **2. The essence and importance of investments.**

The theory of production and the general macroeconomic process are the process of creating new capital (as a means of production and human capital).

In the theory of finance, it is understood that the term "investment" means real or fiscal assets, that is, the purpose of today's expenditure is to earn future profits. In other words, investments are the exchange of a certain value for the future, which is uncertain.

Lorens Dj. Go and Michael D. In John's book Fundamentals of Investment (Deloitte, 1997), the investment is described as follows: Investment is the purchase of stocks and bonds by looking at financial results: they identify real assets, such as those for the production and sale of goods This means that the In general, investments in the broadest sense provide the necessary mechanisms for financing the development and development of the country's economy.

As you know, the concept of "investment" is not new to the economy. Today it is important to understand the meaning of the concept of "investment" and to analyze its essence. During the former economic system, the concept of investment was based on capital investments, capital investments, capital repairs and capital expenditures for the development of scientific and

technical development, and were largely determined by the centralized funds and the state budget on the basis of plans approved by the highest state agencies.

In many publications, the term "investment" comes from uncertainty. First of all, the "investments" are sent to the citizens "consumer investment" (home appliances, cars, real estate, etc.). Such investments do not provide for capital growth and profitability. Secondly, it equates the terms "investments" and "capital expenditures". Capital investments are the form of investment activity, which is associated with fraudulent financial resources of the enterprise. Investments can be invested in non-material and financial assets. Thirdly, in most sources, investments are described as investment funds. In practice, in all cases, this is not the case. Investment can also be made in other ways. For example, immovable and immovable property, precious metals, non-material assets, and so on, which may have an effect on the charter capital of an entity. Fourthly, in many respects, investments are emphasized by means of long-term investments. CUs are invested in long-term capital investments. However, short-term investments have also been undertaken (eg buying machinery and equipment that are not required to be assembled and not included in the construction estimate).

Growth rates of investment are multifaceted. First of all, the volume of investments will be based on the consumption and consumption of revenue. While the average household income is low, the majority (70-80%) are spent on consumption. Growth of income of the population resulted in an increase in the proportion of the population to be increased. Growth in the share of total revenues leads to an increase in investment, and vice versa. However, this requirement is high when the public trusts the state, while the state assumes the investment activity and guarantees of citizens. The expected return on investment is also reflected in the size of the investment, as it promotes investment. The higher the rate of expected profit, the higher the investment volume, and vice versa.

The lending interest rate is heavily influenced by the volume of investments, as borrowed funds are used in the investment process. If the expected net profit rate exceeds the average lending rate, then these transactions are profitable for the investor. That's why Growth of the Average Interest Rate will lead to a downward investment.

The expected volatility in the volume of investments also influences the inflation rates. The higher the level of the indicator, the greater the future investor's profits, and the declining factors for investment.

## **2. Classification of Investment.**

Investments are made in different ways and grouped according to their specific characteristics for their analysis and planning.

Firstly, the investments are divided into real and financial forms, depending on the object of the investment.

Real investment (capital investment) is the use of monetary funds for the tangible and intangible assets of the enterprise.

Material investments are associated with acquisition of elements of fixed capital and, in most cases, are carried out within the framework of investment projects. Therefore, borrowings with own funds can also be used. The investor's role is borrowed from the bank, which allocates credit funds to specific projects. Non-material investments are carried out in the creation of non-material resources, combining the expenditures for training and retraining of personnel, implementation of scientific-research and experimental-design works, creation of new products.

By accelerating the development of science and technology, it has become the most powerful factor in the production of intellectual potential, which is a serious element of its development. At the beginning of the 20th century, the amount of money spent for the development of science-production capacities increased. Therefore, in the real sector of the world, the costs of research, science, education and training are growing. For example,

expenditure on science and research in the USA, Japan, and other developed countries. The growth rates are higher than the investment in fixed assets. Entry into the global market requires broadband marketing, detailed information, high level of computer systems, training of highly qualified, competitive personnel and achieving the level of developed countries in the field of high quality. Therefore, the rapid growth of real investment in science, technology, education and retraining of real investments should occupy one of the main places.

The purpose of real investment spent on fixed assets is the interregional, intersectoral, technological, processing structure, based on the trends and other indicators. The share of investments in fixed capital, the share of total assets spent for the organization of assets (machinery, equipment) and passive (building, structures) constitutes the technological component of investments. the recyclable structure of investment; new buildings, expansion of operating enterprises, reconstruction and re-equipment of new equipment, showing the relative contribution of each of the total costs. Interregional and inter-sectoral investments constitute relatively distributed areas and sectors.

In developed countries, a significant portion of the real investment is private investment. Real investment expenditure in the public sector is crucial. Under the policy of economic coordination, loans, subsidies are allocated, state equity investments are balanced and real investment is increased.

Government-Owned Investments. It focuses on the development of the original market infrastructure and related networks. Increasing the efficiency of investments will be made through the creation and development of assets of fixed capital.

The description of real investment is based on their size and income. The volume of investments represents the value of the Funds used, and the amount of investments represents the ratio of their volume to GDP or GDP. In the high and deeper periods of inflation, the influence of its influence on these indicators was overwhelming. Investment norms indicate how much capital or GDP generated by capital investment costs. Funding efficiency is determined on the basis of the coefficient of growth of capital capacities.

Financial investments mean that they include all types of capital, treasury and financial liabilities, which are embedded in financial assets. The most important of these financial instruments are equity: shares (stocks) and debt (bonds). In contrast to the real investment, financial investments are called more portfolio investments because the ultimate goal of an investor is to formulate an excellent portfolio of financial assets (investment portfolio) and manage various types of securities transactions.

Financial Investments are long-term borrowings for shares, bonds and other securities and bank deposits issued by individual companies and government agencies. Most of the financial investment means expenditure on non-capital investment. Financial investments can, in most cases, serve as a source of real investment.

Financial Investments are more prominent in the free market infrastructure markets in the developed countries, where the equity market has a significant role in the sectoral distribution of sectors. In the structure of financial investment of developed countries the main part is private investments.

Individual investments represent property and intellectual wealth that is invested in activities that are not prohibited by entrepreneurs, private firms, concerns and stock companies. In countries where there is a stable market, most of the private investment is spent by private equity funds. The financial form of foreign investment (portfolio investment) is the basis for identifying and investing in promising enterprises in the national economy.

Secondly, the nature of the investment depends on the direct and portfolio investments. Direct investments allow the investor to recover the object of placing its own funds. Portfolio investments are made by commercial banks, investment companies and foundations and others. Financial intermediaries place their funds in good, profitable terms. Portfolio investments can be seen as placement of securities by other issuers through indertration.

Thirdly, investments are short-term (up to a one-year term) and long-term (over one year), depending on the investment period. For example, ordinary shares may not be restricted to any particular term. For example, a deposit certificate is issued for a period of six months - this is a short-term toolkit, with a 20-year return period, with long-term bonds.

However, long-term securities can be used for short-term purposes, such as purchasing long-term securities and short-term, for example, six months in advance. Often, investors choose such weapons and want their money short-term. For example, within the next six months, the investor may buy a non-acceptable deposit certificate with a six-month maturity: any company can buy its bonds for 20 years until it reaches the age of 40 years. Generally, long-term investments are reflected in the form of capital investments.

Fourthly, investments are subdivided into private, state, joint and foreign forms depending on the forms of ownership. Private equity means the transfer of non-state legal entities and individuals to the objects of entrepreneurship. Public investment has been manifested by the allocation of funds from the state budget and state-owned enterprises.

Fifthly, investments in regional allocation will be directed to internal and external investment.

Sixth, the investment risk is divided into highly risky and low-risk investments. In the financial sector, the absolute or relative benefit to investments is lower than expected, in other words, the term "risk" means an unexpected result. The greater the degree of distribution of absolute or relative amounts of profit to the capital, the greater the risk, and vice versa. The sole investor has the ability to select the most vulnerable, from the government securities available to the highest risk premium. Each type of capital allocation is a description of the groove, but in each particular case the risk is determined by the particular characteristics of the instrument. For example, it is known that shares in shares are associated with high risk, but it is also difficult to find higher risk bonds than shares in large companies. Of course, risk is often the issuer, broker, or certain financial instrument

#### **4. Investment activities.**

1. Investors are classified under the following signs.
2. Institutional and individual investors on the basis of current trends. In the role of institutional investors, joint ventures in the fields of industry, trade, transportation, communication and others, individuals have appeared in the role of individual investors.
3. Strategic and direct investors on investment purposes aim at obtaining the right to manage their businesses. This is done by buying a controlling stake in other companies or buying a large part of their charter capital. They also carry out bankruptcy and bankruptcy of companies. Portfolio investors place their own capital in various financial instruments in order to earn dividends and interest.
4. National and foreign investors on the basis of nationality.

#### **Key words**

Investment, Investment, Financial Investments, Real Investments, Classification of Investments, Direct Investments, Portfolio Investments, Economic Investment in Investment, Investment Projects, Investing Activities.

#### **Control questions**

1. What is the essence and meaning of investment?
2. What is the objective necessity of investment in the market economy?
3. How do investments differ from capital investments?

4. What do you mean by the classification of investments?
5. The concept of an investment process?
6. Explain the Purpose of Investment Policy in Uzbekistan?
7. Explain the meaning of investment activity?
8. Invest in investments?

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## **Theme 2: Objects of investment activity, subjects and investment activity.**

### **Objects and subjects of investment activity.**

#### **2. Forms and forms of investment activity.**

#### **3. Investment process.**

#### **4. Type of investors.**

### **Objects and subjects of investment activity.**

When organizing an investment activity, its subjects and subjects are involved.

Investment entities are the physical, legal entities and the state with the property and intellectual wealth involved in investment activity.

Relationships between investment entities have the ability to produce.

Subjects of investment activity in the form of equity investments are: investors, customers, contractors, users of capital assets and others.

Investors invest in equity using own funds or attracted funds. Legal entities and individuals, or their associations, government agencies and foreign legal and natural persons may be investors.

Investors have equal access to:

investment activity in the form of capital investments;

independently defining the size and trends of capital investments, as well as concluding agreements with other investment business entities:

Ownership, use and disclosure of assets acquired at the expense of capital investments:

transfer of the right to capital and legal entities and individuals to the state and local authorities through the contract or the contract of the state;

consolidation of own and attracted funds with the investments of other investors for joint capital investments on the basis of signed agreements;

control over the capital expenditure utilization.

Customers are legal entities and natural persons authorized by the investors for the implementation of investment projects. At the same time, they do not interfere in entrepreneurial activity of subjects of investment activity. In the role of customers, investors can also manifest themselves. Customers who have no investors have the right to own, use and dispose of their capital assets in accordance with the terms and conditions set forth in the agreement.

Contractor - legal and natural persons, who perform work under the contracts concluded by the customers. Contractor should have a license (license) for construction and assembly works. Licensing of construction activities is carried out to protect consumers' rights of building materials.

Users of capital objects - legal entities and individuals, as well as government agencies, local authorities, foreign states, international organizations, these objects are created for them.

Investors can act as consumers of capital intangible assets. The subject of investment activity is the possibility of increasing its two or more functions. Subjects of investment activity must comply with the requirements imposed by the state authorities and utilize targeted capital expenditures.

Investing activities are related to investor-selected sectors, as well as investment objectives, which are to be invested.

Investing spheres, participation in production and exploitation can distinguish the following types of investment activity:

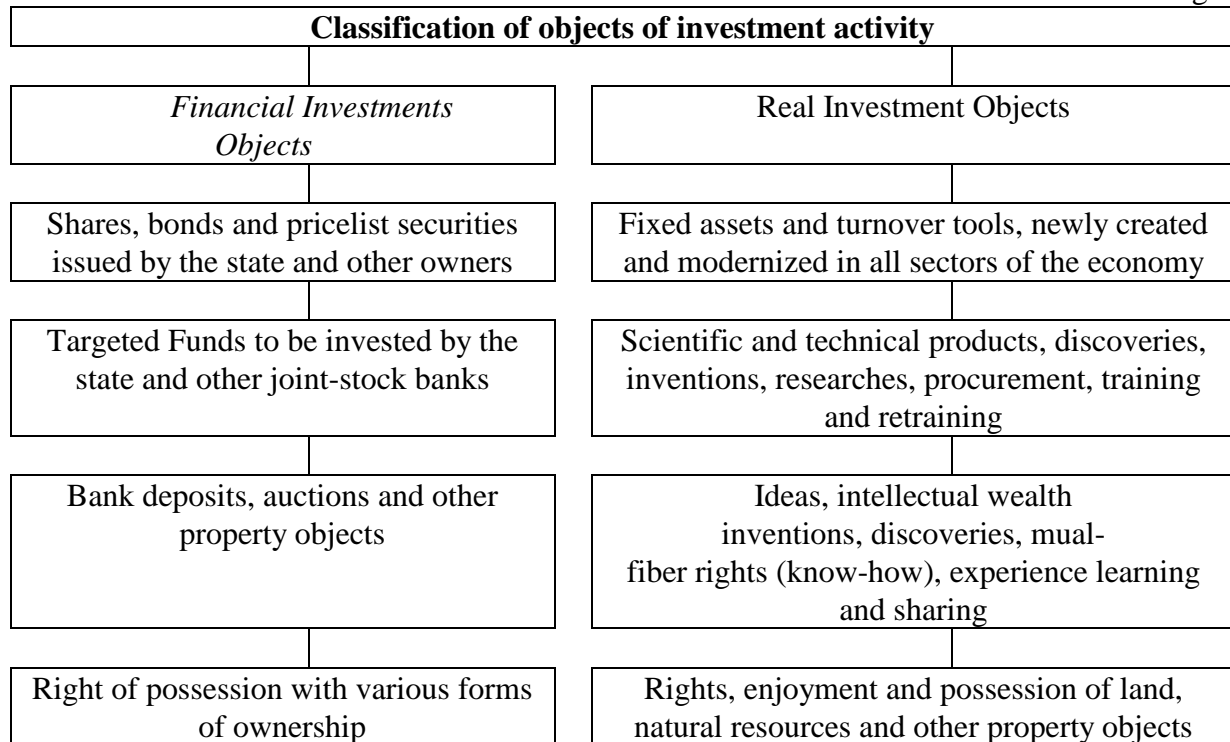
- Newly established and modernized (updated) fixed assets and working capital in all branches of national economy;
- science and technology products, research, teaching, training and retraining;
- Intellectual intellectual property, authorship, invention, discovery rights, experience;

- expensive securities, targeted monetary funds;
- other property objects;
- property rights.

prohibits the collection of invoices for environmental and other prohibited products, sanitary and hygienic requirements, prohibited or created, and which are prohibited by law and regulations, and are not subject to investment. Investments are also prohibited for citizens, legal entities and for jobs damaging the legitimate interests of the state.

It is possible to create a range of objects of investment activity on the basis of investments attracting and spending. The range of investment activities is as shown in Figure 1 below in terms of investment spending.

Figure 1



Investors themselves have the right to choose one or more of the investment fields. None of them can force industry or investment to choose. Decisions in choosing a particular industry and investing in a specific area are taken by investors themselves. Subjects of investment activity may be investors, single investors, several entrepreneurial and other investors. Investors are investors, domestic and foreign citizens, legal entities or the state. Investments will be provided by the investor on the basis of the investor's obligations as the buyer of the orders received.

In order to carry out their investment activities, they shall, at their own discretion, engage citizens and legal entities on contractual basis.

can also make decisions on investing, using, using, and making decisions on the results of these activities to investors, other civil and legal entities based on laws. In such cases, the investor's property will be accepted as a pledge of obligation (securing the investor's obligation). The pledge can only be acquired by the debtor's property or property that is entitled to economic activity.

Investors have the right to acquire, use, issue, and re-invest their investment results, investment objects.

In the process of investing, the relationships between the subjects are coordinated by contracts. Studying, selecting partners, identifying commitments, and learning other business relationships do not conflict with the laws they have adopted, but only deal with investing

activities. Under the agreement of both parties, the contracts are concluded for the duration of the investment activity.

the laws of the investor have a number of obligations. These responsibilities should be addressed to public administrations and institutions, which include:

- Investors should submit a declaration to the financial authorities on the volume of investments and their sources.
- Capital adequacy must be obtained by the relevant administrators and private service agencies;
- Have an expert opinion on investment project's sanitary and hygienic and environmental requirements.

Except as outlined above, the obligations of the investor include:

- Compromise on conscientious objection and co-ordination against individual governments;
- Evaluate and adhere to the requirements imposed by the State, the Leading Personnel and the Authorities;
- Timely delivery of accounting and statistical information in the prescribed manner, as well as reports to the relevant agencies.

In addition, each participant of the investment activity must have a license to carry out special works. Schedule of works to be made for obtaining a license and the order of their implementation are established by law.

The main stages of investment are:

1. turning resources into capital costs, ie investing investments into the objects of net investment activity;
2. Transformation of the proceeds into the capital cost growth is driven by the final consumption of these investments and the acquisition of new consumption value;
3. Growth of capital value by profit, that is, the ultimate goal of investment.

Thus, the initial and final units create a new interconnection; profit-resource-final result (effect), ie accumulation is repeated.

Capital gains from investment projects and investment projects.

In practice, the ratio of the net profit (F) to investment expenditure (IX) is calculated as percentage of the total investment profitability (IX);

$$IS * F * IX * 100$$

The process of comparing investment costs with profits will continue until the investment is completed (during the business plan of the investment project), during the investment period (during the construction period) and investment (during the period of use of the new object).

## **2. Forms and forms of investment activity.**

In organizing the investment activity, every property owner must act with a deep understanding of entrepreneurship and business. A proprietor of investment activity should be able to understand the rapidly changing market economy and its multifaceted relationships. The role of economic information in the conduct of investment activities is of particular importance to the whole economy and nationwide marketing knowledge. Because in an unstable economy, the investor is uncertain about the nature of money circulation, financial credit, and banking, and does not know the essence of the taxation policy. Investment activity in a mature society with market relations is based on the following trends:

- by citizens, non-state-owned enterprises, economic associations, collective and inter-religious organizations and religious organizations, non-state enterprises and institutions established on the basis of collective property;
- by the administrative and managerial bodies, organizations and state enterprises and institutions of the state;

- Foreigners, private firms, associations, companies and legal entities and other countries;
- joint venture with local and foreign citizens, legal entities and states.

The development of various forms of ownership, the promotion of entrepreneurship and business, the development of global economic relations, the increasing role of the joint ventures in stabilizing the economy create the necessary opportunities for investment activities.

The emergence of various forms of ownership, in turn, the development of entrepreneurship and the introduction of foreign capital also determine the way to organize investment activities.

Investment activity is carried out by different owners, with no interconnected relationships in all four major ways. These trends in the organization of investment activity, in turn, are put into practice in several types and forms.

Samara or income-generating property and intellectual wealth, that is, investments can be made in the following forms:

- funds, banks' trust funds, stocks, stocks and other securities;
- movable and immovable property (buildings, structures, equipment, and other tangible assets);
- copyright, right of ownership of intellectual property and other intellectual property;
- rights to land and other natural resources and property rights;
- other wealth.

Based on the types and forms of investment, a set of measures to put business, business and other government-funded activities into practice by all investors, investing funds and implementing them is an investment activity.

Investing in market economy is carried out by citizens, legal entities (enterprises, firms, joint-stock companies and other types of owners) and the state. In investing in investment activities, each proprietor, first of all, wants to pursue one's own interests, that is, plan and profit.

Enhancement and development of investment activity in market conditions is aimed at restoration of physical, juridical persons and the state, business, business and other activities for profit. The main purpose of this project is to invest in the economy, to stabilize the economy, to enter the world market, to strengthen the global economic relations and improve the living standards of the population.

Investment activity in the market economy is carried out by way of attracting financial resources by investors, by means of loans, through the issuance of circulating securities, issued by the legislation and securities. Due to the privatization of state-owned property, there is a decline in the share of resources across the country. On the contrary, the assets of different owners, the share of newly established funds, and the amount of foreign investment will increase. Of course, the investment policy of each country plays a crucial role in this regard. The organization of investment resources plays a significant role in the sustainability of the national economy, the transformation of the national currency, the development of foreign economic relations, the satisfaction of the needs of the population and others.

It is aimed at creating favorable conditions for the important directions of investment activity coordination. First of all, social development is focused on meeting social needs based on technical improvements in production, innovation and inventions. The coordination of this process is carried out in conjunction with the definition of investment activity and public investment management. A series of government investment climate coordination

### **3. Investment process.**

The investment process is a mechanism for bringing money (who are temporarily unavailable) to those who need it (those who need it). Both parties usually meet in financial institutions or in the financial market. Sometimes, sellers and buyers are directly involved in

dealing with property values (eg, immovable property). Financial institutions - for example, banks and credit lending associations - usually accept deposits, and then transfer money to credit or invest funds with other money. Financial markets are a combination of financial resources for dealing with stockbrokers and those who need them. There are a number of financial markets, such as the stock market, bond market, and auctions market. Their general feature is that the value of a financial instrument is found to be a balancing point in demand and supply in various circumstances. Changes in supply and demand due to disclosure of new information on profitability, risk, inflation, and various situations around the world result in a new equilibrium or a new market estimate.

Figure 3 shows the chart showing the investment process. According to the paper, those offering money will be able to provide financial assistance to those in need through financial institutions or financial markets. Financial institutions can participate in the financial market on the demand side and on the supply side. The short-term sector of the financial market is called the money market, and the long-term capital market is called the stock market.

Participants in the investment process. The main participants of the investment process are government, companies and private individuals, each of them can participate in the investment process on demand side or on the supply side.

Country. Each level of executive power requires a large amount of money to finance its activities. This activity is related to the capital expenditure that is being used to build social facilities such as schools, hospitals, homes, large roads. The above projects are financed by long-term debt obligations - bonds issue. Another source of demand for money is the current needs of the state. For example, the government may spend a lot more money than it would have been for the state budget. Or, there may be cases when municipal authorities do not have any taxes on their current activity, with no need to pay for their current activities.

At a high level, khokimiyats finance their needs by issuing short-term bonds.

At times, executive authorities are involved in money bidders. For example, if the city has a certain amount of money at some point in time, the city may be able to earn money on the short-term financial market without retaining it in the current account.

Executive authorities have a strong impact on the financial institutions and the financial markets, on the side of the need and the supply side. In most cases, the state is a consumer, who uses a lot of money to fund it.

Companies. Despite the fact that many companies are in business, they need large financial resources to run their business. As with the executive authorities, their financial needs are long and short-term. To achieve long-term goals, companies need money to build factories, buy equipment and build new products. short-term needs arise from the provision of commodity stocks, receivables and other current costs. To finance short-term and long-term needs, companies issue various debt securities and stocks. when they are temporarily surplus, they will invite others to their money. In practice, many large companies carry out an active and complex cash management strategy and are the main buyers of short-term securities.

Government Companies are generally the net buyers of cash.

Individuals. Individuals can invest in the investment process by various means, such as placing money on savings accounts, buying stocks and shares, and receiving insurance policies. The choice of financial instruments is not a simple task, but rather depends on the purpose of the individual investor. Demand for private individuals on cash is largely the property of a loan, usually a loan to finance the purchase of a home car. However, the demand is very large, and private individuals are the purest suppliers of money - in other words, they pay more on investment than they have taken. While being a clear buyer of state and company money, the role of private investors in providing money for economic growth and development is substantial.

#### **4. Type of investors.**

Type of investors. There are two types of investors: they are institutional and individual investors. Institutional investors are experts and they are entitled to their money management. They are sent by financial institutions such as banks, insurance companies, mutual and pension funds, and large non-for-profit corporations, and in some cases individuals. Financial institutions invest large amounts in their efforts to ensure good returns to their depositors. For example, the trust office of the bank should earn enough money for the entrusted asset; it is important for the life insurance company to pay insurance premiums to customers and, in case of customer deaths, to pay their premiums and receivables to their heirs and receivers. Similarly, industry or trade-related nonprofit companies often have surplus earnings, or cash to earn revenues or to capitalize on current operations and future cash flows.

Individual investors manage their own funds for their financial interests. The sole investor is more likely to benefit from the unused earnings when he retires or his family is financially stable. Most of the individual investors are busy solving only the portfolio of personal securities or seeking a personal pension fund. Due to the lack of professional training in the investment sector, potential borrowers can transfer their capital to institutional investors, such as banks, trustworthy consultants or investment advisers.

The core business principles for institutional and individual investors are: Undisruptive institutional investors typically work with a considerable amount of money on behalf of the cashiers, so they are highly qualified and apply sophisticated and sophisticated methods.

Investment. Investing in specially selected financial instruments for the purpose of increasing the value of money or placing positive profits. This activity is of great economic importance, it can be logically consecutive, and the result is income. Recently, there has been a series of innovations that encourage investment and greatly enhance this process.

Creative value of investment. The functioning and growth of the economy depends on how much money is spent to finance the growing needs of the state and the companies as well as individuals. For example, if mortgages had not been credible, they would not be able to buy many homes, and had very little work to build houses and build materials without loans. Therefore, if the volume of non-guaranteed loans declined, it would eventually lead to a decline in overall economic activity in the country: it is understandable, because it would be easy for them to take advantage of the money and to provide the necessary economic growth conditions. While private individuals are the only providers of money, governments and companies are the purest buyers, and the investment process has yielded considerable results.

Investment Prize. Investing profit or loss can be deducted from current earnings or as a result of growth in the value of the proceeds. For example, the money deposited in the bank account is current income in the form of regular interest, but the earnings on the land available for purchase are earned by the cost of the site at the time of purchase between the acquisition and sale. Those who are in need of funding will be able to attract more than one person, and earnings or profits will cover the risk of money laundering. Speaking of slogans, moneymakers should be rewarded for a straightforward process of investment, and money buyers should be rewarded. The magnitude and shape of the award depend on the diversity of securities.

Consolidation costs of investment. In practice, a variety of investment approaches are used. One of them is to plan deeper costs to achieve specific goals. The other, the opposite approach, is the coincidence of actions, in which decisions are taken on the basis of intuition. The results show that the results are usually high in the optimal approach. Therefore, an investor should first plan a plan and then implement an investment program that meets the overall financial goals. As a result of the implementation of such a program, it is necessary to formulate an investment portfolio that will provide a satisfactory return on risk. We briefly describe the main stages of investment as it gives us the concepts, weaponry and the process

Evaluation of financial instruments. Before choosing a financial instrument, it is

necessary to evaluate it from the point of view of its purpose. It needs to formulate the concept of profitability and risk that can put an end to every financial weapon, because they all require the evaluation, that is, the value that has already been determined. The outcome of the assessment process should be that of a certain weapon of net profitability and price scales.

Choose the exact option of investment. It is important to choose the option of making a payment because the investor's future expenditure expands that definition and the success of achieving the planned goals depends on it. It does not have to be a good option to provide the highest profitability; and other levels, such as taxation and taxation, can play an important role. For example, an investor striving to earn a high annual dividend, buying a common stock of the company, which can provide the highest expected profit. If the company issuing the shares is in bankruptcy, the shareholder will lose its cash. Successful selection of financial instruments for the successful management of the products is crucial, since they should be consistent with the objectives set out and to describe the benefits, risk and value of the assessment.

Formation of diversification portfolio. An investment portfolio is a set of financial instruments that can be selected to achieve one or more goals. For example, in the investment portfolio of Joan Smith, IBM has 20 common shares, \$ 20,000 government bonds and 10 shares of the ZDS Grous Mutual Fund. Using an aggregate of specific methods, investor can combine the same approach as the investor achieves the desired profitability, risk, and price at an acceptable level.

To create a favorable portfolio, it is supposed to include a set of financial instruments with different tariffs. Having seized a variety of weapons, the investor can ultimately achieve higher returns on products or reduce the risk by increasing the number of financial instruments.

Portfolio Management. When the portfolio is formed, the investor should identify and evaluate the dynamics of portfolio indices according to the expected outcomes. For example, the portfolio can be changed if the value of profitability, risk, or portfolio does not match the investor's goals or objectives. Usually it means buying financial instruments and buying other financial instruments for the money they fall. Thus, portfolio management is not just the creation of optimal financial instruments, but also the replacement of the portfolio's portfolio in line with the true dynamics of these weapons.

### **Key words**

Investment, Investment, Financial Investments, Real Investments, Classification of Investments, Direct Investments, Portfolio Investments, Economic Investment in Investment, Investment Projects, Investing Activities.

### **Control questions**

1. What is the essence and meaning of investment?
2. What is the objective necessity of investment in the market economy?
3. How do investments differ from capital investments?
4. What do you mean by the classification of investments?
5. The concept of an investment process?
6. Explain the Purpose of Investment Policy in Uzbekistan?
7. Explain the meaning of investment activity?
8. Invest in investments?

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### Theme 3: Financing and state regulation of investment activity.

1. Methods of financing and regulation of investment activity.
2. Investment strategy in regulating investment activity.
3. Governmental regulation of foreign investment in Uzbekistan.
4. World experience of foreign investment regulation.

#### 1. Methods of financing and regulation of investment activity.

Investment activity in the market economy is carried out by way of attracting financial resources by investors, by means of loans, through the issuance of circulating securities, issued by the legislation and securities. Due to the privatization of state-owned property, there is a decline in the share of resources across the country. On the contrary, the assets of different owners, the share of newly established funds, and the amount of foreign investment will increase. Of course, the investment policy of each country plays a crucial role in this regard. The organization of investment resources plays a significant role in the sustainability of the national economy, the transformation of the national currency, the development of foreign economic relations, the satisfaction of the needs of the population and others.

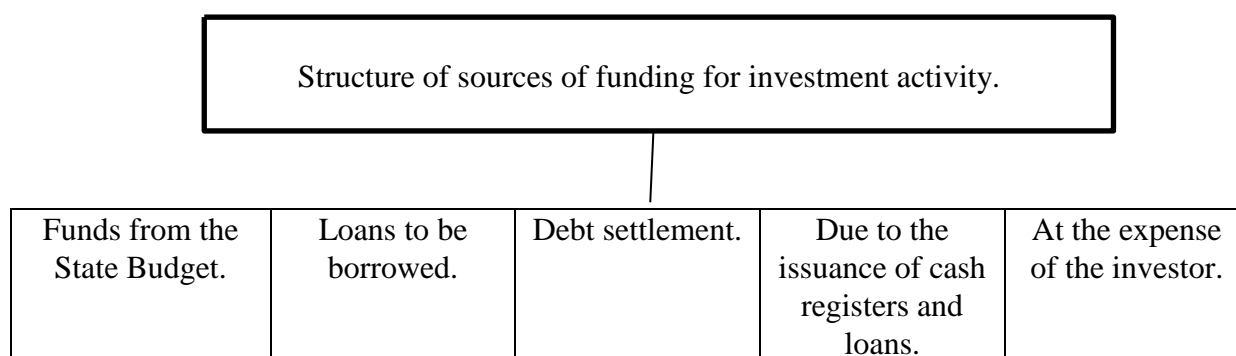
The development of market relations is closely linked to domestic financial policies. The allocation and redistribution of financial resources, and the allocation and accumulation of funds in this or that area depend on the distribution system adopted and practiced in the country. The development of legislation, the adoption of fair laws and their implementation will accelerate the development of market relations, the spread of entrepreneurship, and other proprietorships due to the reduction of public investment in the structure of investment sources. It is of particular importance to ensure good governance and the effective fiscal policy of the state. The level of penetration of foreign capital is largely dependent on the country's fiscal policies.

In the transition economy, investment sources can be divided into the following groups regardless of ownership:

- Investors' own financial resources (profit, depreciation charges, cash savings, citizens, legal entities and other sources);
- borrowed funds from investors (bonds, bank loans and budget allocations);
- financial means attracted by investors (funds from the sale of shares and other expensive securities, shares and various types of civil and legal entities, as well as non-state funds, funds of various purposes); investment allowances of the state budget.

In the context of market relations, the structure of sources of financing investment activity can be shown in Figure 2.

Figure 2



Extensive development of the national economy for many years has led to unrealized investment costs. As a result, overwhelming majority production funds were built. Basically, they led to the repayment of tangible financial resources in the military-industrial complex and in unfinished construction- (funding cut-off) and the abandonment of completed construction. The main reasons for this situation are the long-term decentralized planning in the former Soviet Union and the consequent over-growth of production equipment in the social and industrial production.

The centralization of centralized planning has led to a discrepancy between equity and cash flows. In recent years, the gap between the cattle and the money has gone up, with the growth of budgetary funds. The timely regulation of the price policy has resulted in the need for budget revenues and a rapid growth in the revenues of enterprises and the population. Within the framework of administrative planning, the material costs are insufficient for these revenues. In general, the inadequacy of the national economy can be expressed by three indicators; the state budget deficit, the emergence of unprofitable debts of economic organizations to banks, and the increase in the income of the population against expenses.

The period of growth of income of the population is expected to decline in production. Thus, the process of the growth of various types of monetary income has arisen in the people's economy, which is not connected with production. The process of setting up stock markets, auctions, and securities markets has accelerated this process. The state-run policy of economic protection of the population, in addition to this process. In the promotion of entrepreneurship, no competitive environment was created, which is mainly for entrepreneurs. This led to the accumulation of financial capital and non-production assets. Inflation-based commercial capital was not included in the production, which led to the development of hyperinflation, as well as absolute shortages of goods.

Therefore, the main task of today is to encourage entrepreneurs to invest in commercial capital, ie production investment.

The Centralized Alliance Management System has failed and new coordination systems have undergone a radical change in investment activity that has not occurred in independent republics. 1990-1992 is characterized by a sharp decline in public investment and, on the other hand, the involvement of commercial systems capitalization in non-production. As a result, the elimination of the deepening investment crisis requires coordination of investment activity by the government.

The relations in the former Soviet Union, including Uzbekistan's investment activities, were coordinated with the "Legal Framework for Investment Activities", which came into force in January 1991. This document, which came into force in 1991, stipulates the coordination of investment activity by the state.

Law of the Republic of Uzbekistan "On guarantees and measures of protection of foreign investors' rights" of April 30, 1998. Decree by the President of the Republic of Uzbekistan "On Additional Measures for the Establishment and Promotion of Foreign Investment Entities" of 31.05.96, UP-1467, Decree of the President of the Republic of Uzbekistan "On Additional Measures to Encourage Investment Projects Implementation" 19.01.98 y

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The goals and forms of coordination are confirmed. According to these documents, the state coordination of investment activity is carried out for the following purposes:

- Implementation of economic policy of the state in the process of entering the market economy;

- Implementation of the state scientific and technical policy and strengthening of world economic relations on the basis of it and access to the world market;

Establishment and use of extra-budgetary investment funds is one of the economic methods of government co-ordination of investment activity. In connection with the emergence

of various forms of ownership and ownership, it is well-known that for the first time in the practice of coordinating the newly formed commercial systems, the problems arise.

Direct investment in public investment is another form of government investment coordination. At the same time, the governance includes budgeting, extra-budgetary funds and other attracted funds, including the definition of investment climate, investment climate, and specific activities.

Until the Soviet Union collapsed, the government's investment activities were driven from the center. Nowadays, in connection with Uzbekistan's independence, coordination of investment activity in our country is carried out independently.

And in this regard, it is not enough to take into account the fact that the market economy is in the focus of attention. Therefore, the experience gained in this activity and the coordination of the investment activity of the state are of particular importance in stabilizing the economy.

The rights of subjects in investment activities should be guaranteed by the government. Government agencies and their employees have no right to interfere with the activities of subjects in their investment activities. If the subjects do not fulfill their obligations under investment contracts, they are subject to property and other liabilities in accordance with the legislation and contracts.

Protection of investment of all investors, regardless of forms of ownership, is ensured by the state.

Investments can not be nationalized without prohibition. If the government adopts targeted bank funds, stocks and other securities issued by the investors on the basis of the adopted legislative acts, the rights of investors or indirect rentals will be provided. The returns of the investor alone by the actions of the investor or through their participation are not guaranteed by the state.

As it turns out, with the development of market relations, the financial market gradually develops and improves.

It is known that in every country the development of legislation depends on its system, the chosen path, the level of development of market relations and other factors. Studying the experience of developed countries, exploring their laws and taking into account the peculiarities and traditions of the country, are of particular importance. As you know, certain formulas and functions of business are reflected in the laws adopted in each area.

Holding of dividends in the activities of joint ventures The payment of salaries and other fees to foreign personnel is permanent.

It is of utmost importance to incorporate "project finance", project analysis, general economic research, risk assessment, positive resolution, and measurement and financial calculations when entering foreign direct investment.

It provides opportunities for financial analysis of projects, based on internationally accepted benchmarks, calculations, and project life skills.

The purpose of the financial analysis is to evaluate the return on investment from the entire project cycle. If the revenue is higher than the project cost, then the project will be considered appropriate.

The investment attraction capabilities are quite complex: there is sufficient experience in attracting investment at the level of international and national economies. The World Bank has had considerable experience in investing in this area: The World Bank has the capacity to attract \$ 7-8 per dollar for a \$ 1 investment.

It is believed that the World Bank is based on the control of organizations and individuals working on projects financed by the Bank, and that the bank is required to prepare and implement projects called "project cycle" in a restricted process. Based on this concept, the cycle design, development, expertise and evaluation phase of a different project

It is well known from the world experience that the production of export-oriented production, primarily for export-oriented production, will succeed and will ensure the self-sufficiency of enterprises in foreign currency.

Proper detection of investment co-ordination by public authorities in addressing the aforementioned issues and problems is an important issue especially during the economic downturn.

Implementation of market relations requires re-registration of incomplete construction. On the basis of this, the construction period has been exhausted, as well as the issue of abandonment of production facilities, which are overdue for the duration of the construction, and the necessity to abandon the market relations. The possibility of selling unused construction sites to other owners is explained. Renting ensures the completion, commissioning of these construction sites in a short period of time and prevents construction disruption.

Market relations It is also important to provide small and medium sized construction sites during transition. Based on the analysis of incomplete construction of the investment market, it is necessary to organize wholesale trade of unnecessary stock and surplus.

The establishment of the investment market ensures the creation of various small, medium and large contracting firms. They are organized by various proprietors and lead to the development of competition. Democratization and privatization require the liquidation of most existing, low-profit enterprises.

Market relations In order to coordinate the investment activity, public finance and credit facilities should be widely used in the transition period. Finance and credit facilities should be aimed at dismantling various types of governance in various sectors.

Structural Policies - One of the major goals of the state economic policy during transition. In the process of transformation of the economic system from one form to another, the necessity of structural changes is that the defective prices, constant disadvantages and utilization of resources which do not reflect the technical retardation and proportions of the planned economy, are dependent on the particular political situation under the rule of cost corps.

The structure of the economy will be funded through government support for programs and projects aimed at expanding exports and import substitution. Nearly 60% of all investments are focused on the development of priority sectors, and the creation of joint ventures for the production of the most important products for the country.

One of the important features of the industry of Uzbekistan is its link with agriculture, as it supplies resources for machine-building (chemical and petrochemical, agricultural raw materials processing) and processing of agricultural raw materials (light, processing, etc.) . Nearly two thirds of the country's industrial output comes from those sectors that are interconnected with agriculture.

At the same time, industrial sectors such as non-ferrous and ferrous metallurgy, fuels, construction materials, based on rich ore deposits, have been developed in Uzbekistan. Large oil and gas fields have enabled the development of the fuel industry, the construction of large-scale thermal power plants, chemical and petrochemical industries. It is necessary to understand correctly the purpose and the content of control of investment activity. The main content of the investor activity can be described by the concept of an investment process. It includes the following: The purpose of the organization's activities is to create investment strategies and market-based capabilities.

2. Investigating investments that cover market analysis, segments, equity securities in general.

3. Formation of investment decisions.

4. Portfolio Management.

5. Evaluation of investment activity efficiency.

Of course, the above-mentioned tasks are interconnected and can not be separated.

## **1. Investment strategy in regulating investment activity.**

The basis of investment strategy is the purpose and limits of financial institutions activity. No choice of effective investment can be solved without precisely formulating the target. This is especially important for any investment manager. There is no answer to the questions "Which securities are most beneficial?" Or "Which portfolio is most effective?"

The proper functioning of the mission can be structured as follows: Based on the objectives, the investment decision is well planned, depending on the degree of commitment to the client, the legal and other restrictions on the organization. The strategy of investment institutions (investment fund, investment companies) is usually formed by a special document known as Investment Declaration.

In fact, the investment declaration should be published in the press as part of the investment fund or investment company's shareholding fund, and its main content should be precisely defined. However, the declaration of the majority of investment funds and companies, which are lacking objective conditions for investors' funds, has caused them to function only in the ordinary course of business, and they are only designed to meet the regulatory requirements.

1. Purpose of organization. Strategic goals should be based on ensuring the guaranteed minimal profit, which is above a certain percentage of inflation. The Declaration may reflect the obligation to exceed some of the template portfolios (based on certain stock indexes).

2. Plan ahead. The outcome of the Declaration Plan is the time period for which this current investment strategy is set. Planned future is the basis for optimization of investment decisions.

3. Restrict portfolio structure and investment activity. The Investment Declaration generally reflects general limitations on the composition of the portfolio: for example, the investment commitment sets the lowest rate for high-quality profits (the highest publicly traded government bonds or corporation bonds). At the same time, there are restrictions on investment in other segments of the market, as well as restrictions on investment in one issuer's securities.

4. Forecasts on the profitability of the key segments of the market. The rate of inflation that is the basis for declaring the company's assumptions about the risks and profitability of the key segments of the market, and the basis for evaluating and evaluating the effectiveness of investment is widely accepted.

5. Reports, evaluation of efficiency, terms and content of income generation. Assessing the effectiveness of investment activity in the investment declaration can primarily cover the obligation to communicate information about any situation that may have an impact on the achievement of the objectives. Periodic audit by an independent organization for investment institutions is mandatory.

Investment mediation environment is very sensitive to the confidence of investors, so the availability of control over the actual results of the declared activities is within the framework of competition and important for the market and for any financial institution.

As noted by the principle of adoption of the decision of the Samoa, it is possible to apply to two main categories: they are active and passive. The passive approach is to ensure that the financial market's efficiency is below the average market rate, but also to safeguard investment from a variety of risk factors. The basis of the passive approach is diversification of investments

Diversification, or different segments of investments, the distribution of securities on the basis of each particular type provides an opportunity to avoid individual risk. Diversification with a single approach automates market or systemic risk. An investor who follows a passive approach, in a sense, follows the market.

The main source of risk for any financial institution is interest rate risk. The value of financial assets and liabilities that arise from the equity of the entities is directly influenced by market rates. Ideally, the effectiveness of interest rates can not be met if all of the assets of the entity coincide with their financing obligations. Effective method of solving the problem of

convergence of assets and liabilities in time is analysis of maturity. The periodicity index can be used not only for bonds but also for cash flows at any given time.

## **2. Governmental regulation of foreign investment in Uzbekistan.**

At the first stage of implementation of economic reforms in Uzbekistan, the creation of a favorable investment climate for attracting foreign investment into the country's economy has been at the top of the government's foreign economic activity. In implementing measures to attract foreign investment, the government was guided by the following principles:

- Policy-making in the area of further liberalization of foreign economic activity;
- Perfection of legal, socio-economic and other conditions ensuring wide involvement of direct capital in the economy of the Republic;
- To implement an open door policy for foreign investors, providing the country with world-class technology and assisting in establishing a modern economy;
- To concentrate the funds on the most important priority of the republic, providing the independence of the Republic of Uzbekistan and the production of competitive and competitive products.

Also, it is necessary to take the following measures to activate the attraction of foreign investments into the economy of the Republic:

- To carry out investment project expert supervision and excellent preparation;
- Abolish all obstacles for registration of joint ventures and other types of entrepreneurial activity involving foreign investment.

It is desirable to set the following priorities in the country to attract foreign investment to national enterprises:

- Development of deep processing of agricultural products;
- Establishment of ecological production on mineral raw materials, including oil and gas extraction and processing;
- Development of transport and telecommunication infrastructure;
- Organization of production of competitive products at world markets and demand for knowledge in all sectors of the economy;
- Development of tourism industry, achievement of modern infrastructure of international and internal tourism.

Uzbek and foreign legal entities and citizens participating in the property are the joint ventures in the territory of the Republic of Uzbekistan in accordance with the Regulation "On the organization and operation of enterprises with foreign investments, international associations and organizations, and their activities".

The ongoing economic policy in Uzbekistan implies the integration of the integration into the global economic community not only on the state structure, but also on the level of the private sector. The conditions created for the open market provide an increase in the interest of the ARF and Eastern businessmen to our country. That's why our businessmen are often concerned about the possibility of attracting foreign investors to cooperation.

In 1998 the Republic of Uzbekistan regulates the relations in the sphere of investment activity, including the Laws of the Republic of Uzbekistan "On Foreign Investments" and "Guarantees of Foreign Investors and Measures for the Protection of Rights" of April 30, 1998, and "On Investment Activities" laws were adopted. These laws are aimed at improving the investment climate in the country and increasing the volume of investment in the economy.

Different associations, associations, concerns, consortia can establish on a voluntary basis enterprises with foreign investments in the Republic of Uzbekistan.

In accordance with the Decree of the President of the Republic of Uzbekistan of March 22, 1998, foreign companies, joint ventures and joint ventures meeting the following criteria were included into the list of foreign enterprises: foreign enterprises with a charter fund of less than \$

150,000; one of the participants of the enterprise is a foreign legal person; Enterprises with a charter capital of more than 60% of the total volume of revenues from economic activities of own production or service of production of the service.

Among the enterprises with foreign investments in Uzbekistan, the joint ventures are leaders. Enterprises with substantial foreign investment are rare. RESTRUCTURING ENTERPRISES INSTEAD OF INDUSTRIAL ENTERPRISES IN KYRGYZSTAN In some countries this function is performed by the Ministry of Finance and others are administered by the Ministry of Justice. In Uzbekistan this task is carried out by the Ministry of Justice. Enterprises with foreign investments in Uzbekistan can establish their own branches or representative enterprises in the country. In addition, they can open their own branches in other countries.

Under the legislation of Uzbekistan, enterprises with foreign investment may establish business associations, concerns and other associations in the Republic of Uzbekistan. Legal protection of foreign investments is ensured. This protection is foreign to any enterprise

Foreign investors can determine the amount, types and paths of investments, and they can independently enter into the enterprise they want. The Investor has the right to own, use, dispose of the investee and its results. At the same time, it has the right to carry out reinvestment and trade operations in the territory of Uzbekistan on the basis of national legislation and, on the contrary, on the basis of international law. The investor may have the right to own, use, and dispose of his or her rights to another legal or natural person. When exchanging mutual rights, the parties can only deal with the documentary contracts concluded between them. Foreign investors and businesses may purchase land plots in cases specified in the law. In the investment activity of foreign investors it is necessary to observe:

- Applies to applicable laws in the territory of the Republic of Uzbekistan;
- Taxation and other grants in Uzbekistan, in line with existing legislation;
- Obtain the expertise conclusion of the investment project on compliance with the requirements of sanitary-hygienic ecology;

Every State that attracts foreign investment to its economy creates legal and organizational guarantees to its foreign partners. This process is a positive experience in world practice. Article 11 of the Law on Foreign Investments of the Republic of Uzbekistan states: The Republic of Uzbekistan guarantees the rights of foreign investors, who carry out their investment activities in the territory of the Republic of Uzbekistan. This warranty is, of course, given by international law. If the new legislation of Uzbekistan has deteriorated the investment climate, up to ten years, foreign investment will remain in the legal framework. This requirement does not alter the law relating to defense, national security, public order and the protection of the environment. In the event that government agencies of the Republic of Uzbekistan adopt legal provisions that undermine the rights of foreign investors, losses inflicted to investors shall be collected from such bodies through court.

The Republic of Uzbekistan has concluded agreements on the promotion of investments and mutual protection with Germany, India, South Korea, Turkey, Indonesia, Malaysia, Israel, the United States and a number of other countries.

The implementation of the Investment Program of the Republic of Uzbekistan is attended by more than 25 countries of the world. The task of attracting investments is to link the formation of real estate owners on the basis of the creation and development of a multipurpose market economy.

According to the Decree of the President of the Republic of Uzbekistan "On measures to further deepen economic reforms, protection of interests of private ownership and development of entrepreneurship" joint ventures for the production of consumer goods for five years from the moment of registration of the foreign currency and the Central Bank of the Republic of Uzbekistan exemption from compulsory sales is envisaged. Companies with foreign investment are provided with the following incentives and incentives:

- The right of enterprises with at least 30% of the volume of production of goods to double the tax rate, regardless of ownership, at the current rates;

- Non-taxation of the income of enterprises with foreign investments for the expansion of production and renewal of technology;

- exemption from taxes for a period of seven years for projects included in the Republican State Investment Program;

- Exemption from taxation for a period of five years from the start of production, if 25% of the output is for children. In subsequent years, the tax on these enterprises' profits will be deducted twice at reduced rates compared to the actual ones;

- 50% or more of the authorized capital belongs to a foreign partner and is exempted from tax for a period of two years from the date of production, if the production is intended for export or is intended for relocation of Domestic Product;

- Profit tax - 18%;

- If 50% or more of the charter capital is owned by the foreign partner and the charter capital is USD 500,000

- 15% of profits, if any, up to \$ 1,000,000;

- Taxes, if 50% or more of the charter capital is owned by the foreign partner and the charter capital is USD 1000,000 or more, the taxable income is 16%;

- exemption from property tax if the charter capital is not less than \$ 500,000;

- exemption from land tax for two years;

- Sale of own production without permission;

- Procurement of land plots for the implementation of investment projects on a competitive basis;

- Private, private and public property

The company, with a foreign investment, has the right to export its products without a license and to import necessary products for own production needs.

Foreign investors may be given concessions for the search, production and use of natural resources and other economic activities. Concession contracts are concluded between foreign investors and the authorized body of the state administration of the Republic of Uzbekistan.

The property of the newly established enterprises in the Republic of Uzbekistan as a contribution of foreign investors or the importation of foreign workers for their needs is exempted from customs duties and is not subject to import tax.

Foreign investors can purchase shares, shares and shares of enterprises operating in Uzbekistan, as well as securities issued by legal entities.

Foreign investors have the right to withdraw their share of the property of the enterprise in proportion to the value of the enterprise, in the form of cash or in kind, in case of the exit or liquidation of the enterprise with foreign investments.

Calculation of economic activities of enterprises with foreign investments should be carried out on the basis of legislation of the Republic of Uzbekistan. These cases are also specified in the law. When these enterprises fall into bankruptcy, they are liable for their obligations under the ownership of their property, ie the objects of trade, services, land plots, buildings, structures, equipment. Except for the right of possession and possession.

If the conditions stipulated by the legislation of the Republic of Uzbekistan are different from the conditions set out in the agreements with the international treaty and with foreign investors, the activity under international treaties and agreements is initiated.

Thus, the created legal framework creates favorable conditions for broader investment activities of foreign partners and protects their rights and investments.

At the moment, the legal framework for the activities of foreign companies in Uzbekistan has been largely terminated and is being implemented in practice. The following system of measures aimed at stimulating this activity has been developed:

- Participation of foreign investments in the privatization process;

- Technical re-equipment;
- Promoting the production of consumer goods and export-oriented products;

In addition, Uzbekistan attracts foreign investors with a number of favorable conditions:

1) The period of decline in production has ended, and the results of the 1995-1996 have shown a new positive effect on economic development.

2) The state property has lost its pillar. In 2001, 74,1 percent of GDP, 70,8 percent of industrial production, 99,0 percent of agricultural output, 97,1 percent of total turnover, 83,9 percent of all contractual works, 73 percent of economically disadvantaged people, 76.0 percent, as well as 40.7 percent of investments, belongs to the non-state sector.

3) There is a long-term prospect of growth and expansion of the market. Despite the existence of certain political, economic and social problems, the statistics shows that imports of foreign investments are the same. In Uzbekistan, 191 such as 1991, 368 in 1992, 237 in 1993, 380 in 1994, 583 in 1995, and 3200 joint ventures in 1997 were established in Uzbekistan. By 2003 the total number of joint ventures exceeded 3,300. These enterprises have been built in partnership with more than 80 countries around the world.

4) Insufficient number of relatively skilled workforce and unemployment (including even hidden forms);

5) Orientation of the economy of Uzbekistan to foreign markets. During the period from 1992 to 1996, the volume of foreign trade turnover increased by more than three times, while the share of foreign countries continued to grow steadily, reaching 64.3% in 2003.

Turkey guarantees that nationalization and non-recourse of foreign investments will be made. Foreign investments can only be made by the decision of the Cabinet of Ministers in the event of emergencies, disasters, epidemics. This is compensated in the amount of damage to the investor.

In order to provide the necessary financial and economic guarantees for foreign investors, the government has made a decision to establish a National Insurance Fund for Foreign Investors Protection. This fund is generated by depositing a portion of the foreign exchange value of foreign insurance companies in foreign insurance companies established in the territory of the Republic of Uzbekistan.

Transboundary proceeds of foreign investors in foreign currency, unlimited amount of incomes on the state side

### **3. World experience of foreign investments regulation.**

Developed countries carry out international capital movements primarily by encouraging capital exports and imports at national and international levels. The state policy of capital movements in the form of debts, portfolio investments, etc. is carried out to remove all restrictions on its movement. The State reserves the right to impose any restrictions on the WMD as it is related to national economic security. It is characteristic that the capitalization is less regulated than its attraction.

Uses the following state regulation methods:

1) financing: accelerated depreciation; tax deductions; subsidies, loans; insurance and collateral insurance;

2) Non-financial: allocation of land parcels; provision of necessary infrastructure; technical assistance.

Important experience in the field of exporting and importing large capital exporters is crucial. The ACP BHI policy regulates two levels: federal and local (states, counties, cities). Federal regulation means restrictions on foreign investment. The issue of national security will be increased to the first. The President of the United States of America has the right to set aside the absorption, acquisition and acquisition of American firms (if overseas investors control the firm's activities).

At the local level, regulation of sales of insurance business and agricultural lands is carried out. It is also important for the government to adopt anti-trust laws. In general, the local administration does not have the capacity to regulate the activities of foreign investors. The experience of encouraging investments is even greater. One of the most important mechanisms for attracting foreign investment in the United States is the representation abroad. They are encouraged to attract investment to the state (40 out of Japan's own representative offices are active).

A program to encourage foreign investment in the United States includes: tax incentives; allocating debts and subsidies below the market rates for a foreign investor that builds or modernizes the enterprise; vocational training and employment; improving the transport network; Preparation of a land plot for construction; allocation of land parcel for free use, etc.

One of the most important practical documents on international investment is the "Private Code" of foreign investment developed within the Asia-Pacific Partnership. The following "codex", which may be used by the World Trade Organization (WTO) in the future, lists the following investment principles:

- transparency;
- ◆ non-discriminatory approach to donor countries;
- national regimes for foreign investors;
- Compliance with investment incentives with the provision of health, safety and environmental protection;
- Minimization of investment restrictions that restrict growth of trade and capital investments;
- Expropriation of investments (expropriation may be made on the basis of non-discriminatory, national and international law and subject to adequate and effective compensation under international law);
- Support for the registration and conversion;
- Removal of capital expenditure;
- cancel taxation twice;
- The validity of a foreign investor by the recipient country's national legislation, administrative procedures and rules;
- Allowing foreign experts to leave the country and temporarily visit an investment project;
- Conflicting disputes through negotiation or arbitration.

Every State that attracts foreign investment to its economy creates legal and organizational guarantees to its foreign partners. This process is a positive experience in world practice. Article 11 of the Law on Foreign Investments of the Republic of Uzbekistan states: The Republic of Uzbekistan guarantees the rights of foreign investors, who carry out their investment activities in the territory of the Republic of Uzbekistan. This warranty is, of course, given by international law. If the new legislation of Uzbekistan has deteriorated the investment climate, up to ten years, foreign investment will remain in the legal framework. This requirement does not alter the law relating to defense, national security, public order and the protection of the environment. In the event that government agencies of the Republic of Uzbekistan adopt legal provisions that undermine the rights of foreign investors, losses inflicted to investors shall be collected from such bodies through court.

The implementation of the Investment Program of the Republic of Uzbekistan is attended by more than 25 countries of the world. The task of attracting investments is to link the formation of real estate owners on the basis of the creation and development of a multipurpose market economy.

### **Key words**

Investment, Investment, Financial Investments, Real Investments, Classification of Investments, Direct Investments, Portfolio Investments, Economic Investment in Investment, Investment Projects, Investing Activities.

### **Control questions**

1. What is the essence and meaning of investment?
2. What is the objective necessity of investment in the market economy?
3. How do investments differ from capital investments?
4. What do you mean by the classification of investments?
5. The concept of an investment process?
6. Explain the Purpose of Investment Policy in Uzbekistan?
7. Explain the meaning of investment activity?
8. Invest in investments?

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## **Theme 4. The role of investment institutions in the organization and financing of investments.**

### **1. General features of investment institutions.**

#### **2. Investment Advisers.**

#### **3. Investment companies.**

#### **4. Investment funds.**

#### **5. The Financial Market.**

### **1. General features of investment institutions.**

Investment Institutions - These securities are the professional participants of the securities market, which maintains their activities with securities.

In the Charter of a legal entity, which has an investment institute, its principal type of activity (this is the first feature separating investment institutions from ordinary business entities). In other countries, investment institutions are defined as a private business in the securities market. The requirement for a specific or principal type of activity for investment institutions is conditioned by a high degree of specialization of the regulators and thus their striving for a high level of professionalism of economic entities, which constantly operate with securities. The ultimate goal is to achieve the highest level of protection of investors' interests.

However, the stock market of our country is at the stage of its formation and it is difficult for organizations, which are currently seeking to acquire the status of an investment institution, with a high liquidity level. Therefore, it is not safe at the stage of formation of specialized stock exchange organizations to support them at the expense of revenues derived from the activity of a particular net investment institution not prohibited by their activity.

At the same time, the law stresses the joint implementation of certain types of activities in the securities market. In particular, investment advisors, investment funds and managing companies do not have the right to carry out their activities in conjunction with other types of professional activities in the securities market. Holders of the Register shall not be permitted to carry out their activity on maintaining the register of holders of securities in conjunction with other types of professional activity, except for the depository activities of the stock market. He believes that these limitations are necessary to protect investors' rights, reduce their risk of investing in securities, and to prevent the collapse of the investment institution and its clients' interests. Consolidation of various types of activities in the securities market of Uzbekistan is carried out by granting several licenses to one person to act as different types of investment institution.

Legal entities and individuals can participate as investment institutions. The activities of investment institutions, which are legal entities, should be licensed. Licenses are issued for 5 years. Licensing of investment institutions means government control of their activities. every type of activity in the securities market is subject to a certain license issued by the market regulator. Individuals can act as investment advisors and investment intermediaries in the securities market. In order to carry out this activity, individuals must be registered as entrepreneurs in local authorities and have a qualification certificate and a license issued by the stock market regulator. Qualification certificate is issued for 3 years.

The second feature of the investment institutes is that the basic structure of their employees, in particular:

- heads of investment institutions;

- Investors should be obliged to participate directly in the transactions on behalf of the Securities and Investment Institute, as well as by the Client's employees, who are responsible for the stock market position.

Experts who have the right to sign documents on securities transactions and transactions with securities must have at least two features.

Finally, the third feature of investment institutions is that they need to have adequate resources. Own means are the charter capital, additional reserves, and the amount of direct income. In order to ensure sufficient funding, investment institutions must adhere to specific economic standards for each of them, which include:

1. Minimum amount of authorized fund.
2. Own capital and client's funds, defined by the following formula: Coefficient of mutual relationship:

$$H1 \kappa = \frac{C}{K}$$

**H<sub>1</sub>** – Equity and Clients' Equity Cross-Sharpness Ratio;

**C** – equity investment institute;

**K** – total funds of customers.

3. The most common risk for one client is determined as the ratio of the investment institution to the total amount of funds available by one client:

$$H2 \kappa = \frac{C}{1K}$$

**H<sub>2</sub>** – risk coefficient;

**C** – own capital of the investment institution;

**1K** – Provided by a client.

## 2. Investment consultants.

Investment Adviser - is an investment institution that engages in advisory activities. The advisory activity is aimed at providing analysis, forecasting, analysis of financial instruments, development and recommendations on securities market, issuance and disposal of securities, retraining of specialists, as well as investment of legal entities and individuals policy advice and advice. Unlike other types of investment institutions, legal or natural persons may participate as Investment Advisors. The peculiarity of the investment adviser's activity in the securities market of Uzbekistan is that it does not have the right to give the prospective investor recommendations on the purchase or sale of certain securities, but may only provide him with the necessary information to make an independent decision.

The minimum amount of investment capital of an investment consultant should be at least 100 times the minimum wage. For investment advisors N1 and N2 coefficients are not used as economic norms.

Investment consultants carry out the following types of activities:

a) development of joint-stock companies and development of securities issue prospectus, preparation of issue prospectus, assistance in promulgation of prospectus in state authorized bodies;

b) representation of interests of state-owned enterprises in joint stock companies and their implementation, development of draft constituent documents and their registration, registration of securities in the securities depository, privatization of the privatized enterprise and other similar issues in all public administration bodies;

c) Professional Training (training and retraining of specialists in the sphere of securities market);

g) Creating a database on issuers, investors, investment institutions, providing information services to participants of the securities market: issuing special bulletins, bulletin boards, issuers activity on order, information about their securities, making recommendations on

broker selection and so on.

- d) organization of advertisement of securities on the client's behalf;
- e) Brokerage services (issuance of counterparties, selection and placement of staff, making recommendations on Convening a General Meeting of Shareholders) with the activities of issuers and investment institutions in the stock market;
- j) Participants in the securities market are encouraged to: - advise on relevant legislation;
- h) assistance in the securities trading, including the preparation of documents required for listing on the listing;
- i) development of investment projects and their examination;
- k) analysis of the situation on the securities market (price formation, forecast of market conditions, possibility of trading with securities, etc.);
- l) representing the interests of the securities market participants in the conclusion of transactions, eliminating the disparities between the counterparties as a neutral arbitrator;
- m) evaluation of the issuer and its securities for investment;
- n) return of investment funds in connection with refusal of the investor to participate in the project.

Obtaining information about a client is also a responsibility of an investment advisor. Proper and trustworthy information provided by the client depends largely on the fact that his or her information does not go beyond the reach of others. It is for this reason that the legal documents of a number of countries do not disclose consultants to disclose confidential information about clients' financial condition, use them for personal gain, and refuse to provide counseling services if the client does not provide him / herself information about himself / herself, compels clear interests.

First and foremost, the investment consultant should imagine itself as a result of the client's investment, as well as the objectives that he or she seeks to achieve, the reasons for achieving the goals, and the degree to which the depositor is ready to go.

Key investment objectives include:

- The most reliable protection against depreciation;
- high current earnings;
- Striving for a profitable distribution of long-term goals;
- attempt to maximize the amount of funds raised in the short-term;
- A desire to reach simultaneously with the goals set out above, with different combinations.

The reasons why the client seeks to achieve a certain investment objective are varied and depend on a number of specific circumstances. However, as mentioned above, it is possible to observe certain laws, taking into consideration the age, specificity of their clients, their financial status, social status and many other factors.

The results of the investment are associated with their level of risk. Therefore, the investment adviser must take into account all the risks that the customer may consider to be acceptable to him. The main risks to investment are the following:

- The loss of all funds raised;
- Loss of some of the deposits;
- depreciation of the funds spent on the securities with their nominal value;
- Full or partial revenues generated by the proceeds of the proceeds;
- delay in receipt of profits.

A number of studies in arb states indicate that the desire to risk people is determined by three main factors: characteristic, age, and financial status of the character.

After determining the investment objectives, the consultant should determine the most effective way to implement them. First of all, it is necessary to get information about the client's financial status. Since the amount of resources available to the client for the stock market tools is determined, and the timing of the cumulative sum is taken, the consultant will initiate the

establishment of a global investment plan and identify the acceptable cash flows for the client.

In the development of investment strategies and methods, investment advisors use different methods to estimate future investment value, take a major analysis that enables them to deeply and comprehensively determine the state of affairs in the stock market, or relies on technical analysis techniques that enable market conditions to change. The activity of the investment consultant plays a special role in the integration of the domestic stock market into the international stock market. Investment consultants of our country operate in a range of different types of activities, such as: direct investment consultation, valuation of property, securities value, clearing of bookkeeping and financial reporting of enterprises of Uzbekistan to foreign investors, providing legal services.

### **3. Investment companies.**

Investment company is a legal entity that is engaged in issuance of securities, investing in securities, performing securities trading on behalf of itself and at own expense.

Investment companies form their own resources only at the expense of own funds of the Funds and re-invested own funds, and emit their own securities sold to legal entities and individuals.

The main objectives of investment companies are:

1. organization of issuance of securities and issuance of guarantee to their issuer (founders).
2. investment in securities.
3. Securities trading (dealer activities) at own expense and personal risk.

Investment Companies in Uzbekistan. The first investment companies in Uzbekistan appeared in late 1992. The largest of these was the Tashkent Financial-Investment Company ("Uzmolinvest"), established on the basis of the Tashkent Republican Universal Commodity Exchange, before investment companies adopted the Law "On the Securities Market Performance Mechanism" The law does not have a special legal act regulating their activities as an investment institution, so most investment companies have to deal with the commercial and securities markets. In 1996, after the adoption of certain investment restrictions, the majority of which were unable to form their own resources through savings and savings of the population, many of which were converted into other types of investment institutions (typically, managing companies) changed the status.

One of the main activities of the investment company is underwriting - to purchase securities or to secure placement among investors. Underwriting includes: setting securities issuance terms, preparing their new releases, purchasing securities for issuers for subsequent sale to investors, guaranteeing their placement, setting up syndicates or groups for sale on new subscription.

Anderrayer is an investment institution, which serves securities and guarantees their initial placement, and then purchases securities from the issuer for resale to private investors.

Anderrayer can participate in a group of investment institutions.

Kinds of Anderdytes. Underlining "under strict liability". Under such circumstances, the underwriter has strict commitment to placing all or part of the entire stock of shares at fixed prices. In the event of a failure, part of the publication will not be purchased by investors, the Underwriter will have to buy this section. If the actual cost of placing the fixed price on the secondary market is lower than that of the secondary market, then the underwriter may face a great deal of loss.

Understand the "best action". Under such circumstances, the underwriter has no obligation to purchase a non-distributed portion of the securities. It only strives to accommodate, but if it fails, the unallocated securities are returned to the issuer, and the underwriter is not liable for it. The risk of improper discharge lies with the issuer. This anderrayer is called the distributor.

Undertaking the underwriting of investment by the investment companies can be summarized as follows: Preparation for circulation of securities, including jointly with issuer and other affiliated organizations, publication of securities, valuation of securities, issuance of bonds between investors and investors. .; distribution of securities, including purchase of part or all of the emission, sale of securities to investors, support of market price during placement of securities; support for a certain period of time (usually one year) in the post-sale business; as well as the valuation of the value of the securities, analyzing and controlling the variation, identifying factors affecting it.

In order to carry out the lease, investment companies may join the emission syndicates - the underwriter group, which includes the issue of securities and its guaranteed allocation. Emission syndicts are normally set up for a certain period of time (the placement term), economic integration and registration of the legal entity status. In developed economies, the number of investment companies in emission syndicates can range from several hundred. Members of the syndicate can successfully cooperate with the placement of some securities and compete at other stock markets.

The peculiarity of investment companies is that they have the right to work with the population (to form their own savings through deposits and savings of the population).

The authorized capital of an investment company is not less than 1,500 minimum wages, with high liquid assets being at least 30% of the charter capital. Indicators of investment standards of investment companies:  $N1 > 1$ ;  $N2 > 1$ .

#### **4. Investment Funds.**

**Investment Funds** – it is an organization that places funds on behalf of the Fund into securities, bank accounts and deposits with the purpose of collecting and making use of the assets of individuals and legal entities and reducing shareholders' risks.

The investment fund is a legal entity, carries out the issuance and purchase of shares, other deals with securities, and also participates with the rights of shareholders in the development and functioning of their shares. Transactions listed above are part of a special kind of investment fund. It is not allowed to combine the activities of the investment fund with other types of operations with securities. All risks associated with the Fund's expenditure, their market price gains and losses, are included in the shareholders' equity, with the change in the value of the assets or the current stock prices. Investment funds can be established only by open joint-stock companies.

Investment funds are divided into two types: open and closed investment funds. Open-type mutual funds issue shares in the form of buy-back securities, which gives owners of stock issues the right to receive cash or property in their place of sale, which must be pre-settled in the charter. Closed-type investment funds sell shares without obligation to buy them.

Peculiarities of creation of investment funds. Founders of investment funds can be both legal entities and natural persons, at least two of them. The authorized fund of the investment fund shall not be less than 500 minimum wages. The initial subscription to the fund shares shall be made no later than 30 days from the date of the Fund's listing. At least 75 percent of the fund's charter capital should be funded. Once an investment fund has been licensed to enter into the State Register and acting as an investment institution, it is considered to be established. The license to operate as an investment institution will be issued for a period of 5 years.

When establishing the Fund, its shares are distributed openly by the Subscriber, such a subscription administrator. The maximum subscription duration is 6 months. At the end of the subscription, the authorized capital of the investment fund shall be coordinated with the shares placed by it and be put to the vote in the judicial authorities.

Investment fund management. The supreme body of the investment fund is the general meeting of shareholders. Specific powers of the General Assembly include, but are not limited

to, the limitation of the Fund's activities, approval of contracts with the depository and managing companies. The period between the General Meeting of Shareholders should not exceed 15 months. During this period, the Supervisory Board is its supreme body.

The investment fund controls the investment portfolio and its securities portfolio, as well as the company that is in charge of providing consulting services to the fund. Not more than 25% of investment institutions or authorized funds established by public authorities are government-owned companies, as well as managing directors of an investment fund. Affiliated persons of an investment fund are those shareholders, which hold 10% of legal entities and individuals, managing companies and their managers, founders and voting shares. Affiliates include all investment funds that have entered into a contract with a management company. Participants of an investment fund can not be a founder or a member of the management company. In other words, the founders, officers, specialists and their affiliated companies of the managing company can not be the shareholders of the investment fund. Supervisory boards of the investment fund and managing companies can not be included in the managers of the government and managing bodies. The head of the Supervisory Board of the Fund, which manages the investment fund's assets management company, represented by the General Meeting of Shareholders. The Supervisory Board may determine the list of transactions concluded by the management company, as well as the nature and amount of transactions. The managing company carries out its activity on behalf of the investment fund and participates in the general meeting of the shareholders at the general meeting of the shares, belonging to the Fund. The total amount of annual bonus pools issued by the management company shall not exceed 5 per cent of the net assets of the investment fund.

The first issue of the fund's shares is registered in the Central Depository

Reaching different risks. In order to minimize the risks to the investment fund, it is forbidden to engage in a number of operations that involve some types of activities and financial loss. For example, an investment fund:

- Carrying out other types of investment, except for investment in securities, buying options, buying futures, pledging various types of collateral and pledge of property;
- issuance of privileged shares and other types of liabilities (debt liabilities) with ownership rights over the owners of ordinary shares for the purchase of the most active ownership from the Fund's ownership;
- acquisition by the investment fund affiliated persons of more than 10% of the shares of the company upon acquisition of ordinary shares of the joint-stock company;
- Investment of more than 10% of its net assets in one issuer's securities, except for government securities;
- investing funds into the securities of its affiliated persons, investing in debt obligations (except for government securities);
- does not have the right to purchase or sell securities and other assets from its affiliates, or to purchase shares of other investment funds.

There are also some other restrictions on the functioning of investment funds, and they should stick to it.

The profit of the investment fund is distributed as dividends among the shareholders, who remained after the tax, mandatory fees and rewards of the management company, and whose investments did not increase. The investment fund does not define the ratio of mutual capital ratio (N1) of own capital and client funds, as well as the minimum amount of risk per customer (N2).

Privatization Investment Funds. Privatization Investment Fund (SFIF) is one type of investment funds. They are organized to engage a large part of the population in the privatization process. The objective of the IFIs is to collect money from the population and to allow them to purchase shares of state-owned enterprises. Privatization Investment Fund is a joint-stock company that carries out its activity through attraction of own funds, as a shareholder of own

funds and privatization of privatized state-owned loans in the securities of state-owned enterprises privatized, trading with securities, participating in the development and effective use of joint-stock companies society.

Privatization investment funds have the following characteristics:

- opportunity to purchase up to 30% of the total number of shares issued by the privatized enterprises;

- Opportunity to invest more than 10 per cent of its total assets in one issuer's securities;

- Obtaining a special government loan;

- The right to invest only in stocks and government securities of privatized enterprises.

XIF is a closed-type investment fund, that is, it produces securities without obligation to buy them.

Sale of shares forming the investment portfolio of the privatization investment fund is carried out only after the placement of own shares on the exchange and off-exchange markets of securities, organized by professionals. IPSs are subject to the limitations set for investment funds in their activities.

Organizational structure of NIFs and their specific features. The number of founders of the SIS is at least two people. Legal entities and individuals, including those whose state share in the charter capital of less than 25 percent may be founders and shareholders of the IFI. An authorized fund of the IIF should be formed only by the transfer of funds, with the founders obliged to spend 100% of the charter capital within the period not later than 30 days from the date of the state registration.

An important feature of privatization investment funds is that the bank accounts can be maintained only by the Central Depository which confirms that the bank operates only with the use of funds of the SIF.

In the initial placement of IPO shares, they are sold at stock exchanges and other sales points at the nominal value of 100 µm. During the initial placement, every citizen of Uzbekistan has the right to buy the shares of SIF at the nominal value. After the registration of the registered charter capital, the share of each shareholder (shareholder) in the charter capital exceeds one month

Shares of XIs are simple, with the name of the owner, each share gives the right to vote in the general meeting of shareholders, as well as to receive dividends.

The first edition of XIF shares is made to cover the contributions made by founders in the Charter Fund during the establishment of the IFI. The second edition of the shares is issued for sale to the public and should be conducted no later than 3 months after the XIF is registered. The second issue of the STB shares will be placed within 6 months from the date of the second emission prospect. The subsequent issue of the SFRs' equity may be capitalized upon the profit of the shareholder, if the shares are subsequently increased or the nominal value of the shares is increased, or the excess of the charter capital, as well as the replacement of other XIF shares. PPPs have the following rights:

- Promotion of shares for sale (except for those distributed among founders) before obtaining an investment license;

- Announcement and promotion of the amount of revenues when placing their shares;

- Sale of own shares to legal entities (except for the founders);

- Acquisition of own shares from shareholders.

Once the XIF stock is listed on the State Register, they can freely circulate on stock exchange and over-the-counter securities markets.

All transactions with securities owned by IPSs and STBs should be considered only in the Central Depository,

Peculiarities of the mechanism for the purchase of shares of privatized enterprises. By the Resolution of the Cabinet of Ministers of the Republic of Uzbekistan No. 410 of September 25, 1998, the list of 200 open joint-stock companies with the number of shares, offered for sale by

AIFs, was approved. Additionally, in addition to the aforementioned list, the State-owned Property Committee has been permitted to sell state-owned shares of the enterprises privatized to the State Property Committee.

Shares of privatized companies should be sold at the fixed price to NIFs at nominal value. The purchasing power of the IAS at fixed prices on a publicly traded share is determined based on the amount of installments received from the sale of stock shares to the public. The body authorized by the State Property Committee determines the procedure for tenders. The Public Subscription Date should be published in mass media one week prior to its convening. If the amount of filing applications for an issuer's shares is higher than the proposed one, then the distribution of shares (auctioned) shall be proportionate to the applications filed by the SIF issued by each filing application. In the first period of the open subscription, the unredeemed shares will be offered for sale at the stock exchange. After that, if these shares are not traded on the exchange for six calendar days from the date of exchange, they will be invited to NIFs in the second half of the open subscription within the next 15 days. In the second circle, the sale proceeds at the nominal value of the shares, and if there is no demand for them, the share price will be gradually reduced but not lower than 85% of the nominal value. In the second circle of the open subscription, no government lending to SIF on the purchase of shares. If there is no demand for shares in the second part of an open subscription, their issuers will be excluded from the approved List of privatized enterprises intended for sale to NIF. Upon the sale of shares, the State Property Committee shall transfer the ownership right to the buyer.

Obtaining of special government loans by SIS. The special government loan for an IPIF is issued for a period of 5 years for the delay in the purchase of shares of the enterprises privatized by the State Property Committee. Registration of a loan shall be effected only from the State Property Committee in case of purchase of shares of the privatized enterprises and availability of the necessary mortgage. Any assets related to SIF may be accepted as collateral for credits, stocks, securities, cash, etc. of privatized enterprises. The total amount of the loan should be paid. The XIF owns 30% of the shares of the privatized enterprise, with the remainder of the share package being purchased at the expense of the credit.

Loan repayment shall be made by the SIF on the special account of State Property Committee

## **5. The Financial Market.**

Now let's look at the financial market to create conditions for the development of investment activity.

Loan and interest rates. Within the framework of the Bond Loan Fund, Group 2 considers the simplest example of the equity market, where participants - companies and businesses producing goods and services. Firms claim a demand for capitalized loan funds. Households create financial resources by saving part of current income.

Introduction to Bond Theory The capital market is generally considered as a loan in the economic theory, like the financial market. As a result, the interest rate has been reflected in the fact that the borrower uses the funds for a certain period of time.

In the theory of borrowing, the market maker uses the method of market analysis to investigate factors that determine market demand, supply, and equilibrium based on the understanding that all market participants are optimistic that they try to increase their interest rates.

It requires the enterprise and households to agree to lend the total amount of money, regardless of the interest rate, at different grade levels.

The bid indicates how much investment can be invested at any level of interest rates. One of the main concepts of economic theory is that if the market is competitive, one of the

participants will not be able to influence the price, demand and supply factors will affect the level of demand for the price. This amount and rating (interest rate) is called equalization.

Investment demand. The demand for investment by enterprises is not the only one, but demand for loans is one of the key factors in the final demand. What is the demand for investment? Any company invests in capital (or new ones) to make it worthwhile. One of the major assumptions of the economic theory (justifying itself and naturally) is that the firm's main goal is to increase profits. To achieve this goal, the firm strives to use the capital at optimal rates, including various production factors. Alternatively, the ability to invest in an unwanted ratio of production factors gives you an opportunity to profit from increasing the amount of capital used (or increasing the quality). The scale of this profit can be expressed as a percentage of investment costs, known as investment returns:

The maximal effectiveness of a separate firm indicates that the return on investment depends on the amount of investment. Return on investment may vary depending on the type of business, the size of the firm, and the factors. However, there is a general law - that is, the increase in investment will reduce profitability. For example, any firm can have a wealth of capabilities to invest, including profitability. Taking into account the aspirations for increasing the profits, the company primarily engages in the most profitable projects. However, high income opportunities are limited and implement low-cost projects to increase investment. The return on investment yields a general economic law, which includes the law on the decline in productivity of production factors.

This curve line identifies the investment requirement by describing its potential for investing. The Firm will be eligible for any expenditure regardless of the use of its own funds or capital. In order to use the proceeds of the loan, the market interest rate should be settled. If the enterprise uses funds attracted, the interest rates will be direct, ie, the payment for the use of funds. If its own funds are used - the interest rate is an alternative expense, ie the benefit that is not provided for the use of investment resources by other market participants.

The highest efficiency of a firm's investment is that the curve is dependent on the amount of investment profitability. Investing profitability reduces the maximum productivity of production factors by increasing the quantity as a result of the law of the reduction.

The firm's investment decision is thus determined by the return on its investment programs, on the one hand, the interest rate on the market, ie the use of the loan proceeds.

The optimal amount of investment is determined by  $1 * \text{investment income and equity and market interest rate}$ . At the same time, the highest efficiency of investment is the curve of the firm's investment demand.

Markets and methods. The current market economy is the accumulation of the financial markets of the top economical agents and the use of these funds to create new capital. The financial market is a sophisticated system. It is one of the key elements of the investment climate of the financial collection and redistribution system in the modern economy. These include financial instruments (financial assets or securities), financial institutions (financial intermediaries), and financial markets.

securities. securities are traded on the financial market. securities are issued in accordance with these statutory legal requirements, have a document, provide the proprietor (or holder) with certain proprietary rights and at the same time have a value.

on the exchange of the present value for the future value of securities, transactions are made or the purchase of securities, the exchange of money for the future purchasing power. As with any agreement, both parties are involved; emitter, issuer of securities, and investor who receives property rights related to securities.

The main feature of dividing securities is their resale, ie transfer of property rights from one to another.

The above sign of the financial market is practically inexpedient.

As long as the securities are traded on a free-for-sale basis, they can not always settle the

present value for future prices. Therefore, as a rule, the market of the credit market and the securities market is different.

The loan also refers to the present value of future contracts, but the liability of the borrower to the creditor can not be a free trade item.

**4-чизма**

<b>Financial Markets Structure</b>		
	short (up to one year)	Continuous (over one year)
Free sale without financial means		
Type of obligation		
Financial instruments that can be freely sold or purchased on the market		

The additional complexity of determining the financial market results in the timely fulfillment of financial obligations. short-term liabilities (a few days to a few months) with a high liquidity ratio, close to cash. short-term financial instruments market (securities or credit agreements), as a rule, combine the money market. In contrast to the monetary market, the capital market covers property rights, and their sale takes place relatively long.

The simplified structure of the financial market is presented in Figure 4. The classification given here is very important from the practical point of view. The economic theory states: "The category of securities includes all types of financial instruments, from which one can move from one owner to another and free of charge."

**Borrowing Methods.** The methods of obtaining a loan are formalized by the buyer and the issuance of the securities issuer indicates the amount of money that is allocated to the holder (s). The main types of securities that are intended to be generated include promissory notes, savings certificates, and bonds.

**Promissory notes.** The promissory note is a document that meets the normative requirements, and one party has the right to choose a specific amount of money.

**Simple and Convertible Bills** are distinguished. A simple promissory note is the obligation of the issuer to pay the bill to the holder. The transfer promoter gives the sender instructions to the lender that the amount should be assigned to a third party.

**Bonds.** Bonds indicate the issuers' (emitter's) and the securities (investor's) relationships, specifying the emitter and the amount of money at the agreed time.

Bonds are the principal amount and percentage of the principal and the award for the use of the loan.

Obligations can be freely sold and purchased, for which a highly developed market is required.

Foundation Certificates. Certificates of foundation (or deposits) do not differ from its contents on its contents. Certification of the Fund is a security issued by the bank and the right holder to receive the specified amount at a pre-contract period. Preferring the fund's certificates over a simple term deposit may allow it to be resold to a third party, or may be sold to the issuer-bank earlier, if it is mentioned in terms of issuance.

Property Rights. There are two main ways to finance company capital: to extinguish debts and to use the company's own funds. If a corporation is used to build a firm, it is called a corporation. The corporate form of organizing has a number of advantages over an individual entrepreneur. Firstly, the combination of a large number of economic agents can generate substantial production capacities. Secondly, the corporate form limits the amount of funds invested by the participants in the establishment of a corporation, and finally, the corporate form has the ability to invest in liquidity, as participants can sell their shares.

There are several forms of enterprise organization of business. The major ones are the limited liability company and joint-stock company. A limited liability company is created on the basis of several participants. The total capital of the firm is determined by the amount of their shares, contributions.

The sum of all participants' contributions will be the authorized fund of the firm. The distinctive feature of a limited liability company is that a participant may sell his share to a third party upon consent of other participants.

The charter capital of the joint stock company is set at an amount equal to the share and is called the stock.

Simple Promotions. Ordinary shares give you the right to own a portion of the corporate property and to take part in the management of a corporation while granting the firm a portion of its profits. Shareholder management is a board of directors, and the decisions are made by voting, with each shareholder voting in proportion to the number of shares held therein.

In many joint-stock companies, stockholders often do not directly participate in the firm's management, but also form an executive body-director (board of directors).

The decision on the amount of profits paid to the shareholders, the amount of the enterprise's profits, is taken by the stockholders' meeting.

Revenue, known as Dividend, is based on the number of shares owned by the shareholders.

Chat methods. There are several types of securities that combine the characteristics of borrowing and ownership rights. They are preferential shares and convertible (exchangeable) bonds.

Preferential Shares. Privileged shares, such as ordinary shares, give the firm the right to own a portion of the enterprise's capital, but the owner does not grant the right to participate in management. Owners of privileged shares have the right to earn partial dividends in the first place, and the minimum amount of dividends may be pre-announced. Ultimately, the preferred stock is close to bonds that have no fixed maturity date.

Shared (convertible) Shares. Exchange bonds are a separate type of corporate bond that provides its owners with the right to receive these corporate bonds.

This feature of convertible bonds gives it a mark of ownership, not a tool of borrowing, but rather determined by the conditions for the replacement of bonds by stocks.

securities generators. agreements, rights and obligations under certain real or financial assets, which are deemed to be the sole trader of securities.

Interest is usually a buy-out transaction with a maturity date. The main reason for the availability of financial instruments is future uncertainty, and major types of futures contracts and options are primarily intended for the insurance of risk associated with non-defaulting vibrations.

Foreward contracts are the agreements concluded for the sale of certain fixed assets at the pre-negotiated price set forth in the previous agreement and the other party's contractual commitments. In fact, the terms for the forward contracts are slightly extended to any agreement.

For example, renting a flat or buying a merchandise on the catalog can be considered a forward contract.

Purchase (sale) of real assets (agricultural and raw materials, commodities), forward transactions for receiving securities are widespread.

Conditions of Forward transactions (terms, quantity, quality, price, etc.) are determined mainly by agreement between the parties. The main drawback is that, firstly, there is a risk of non-performance of obligations under the agreement, ie, the absence of liquidity, that is, the ability to sell its rights to another person on a contractual basis. Such deficiencies are the futures deal.

Futures contracts. The sign of Futures transactions is similar to the forward contracts. The difference is that all the signs of the futures transactions are standardized. Trading in futures contracts is carried out on a trading site, and a special intermediary, which is referred to as a clearing house, is the guarantee of execution of the agreement.

The emergence of futures markets came in the first half of the 19th century, while the basic assets of the first futures contracts were agricultural products.

Nowadays, such as futures contracts on real assets (originally agricultural and raw materials forwards) and currency, government bonds (futures on interest rates), securities portfolio (futures stock indexes), and others.

Option. Option is one type of bond transaction, and one party (option seller) obliges to buy or sell at a predetermined price when the underlying asset arrives at the customer's request. The buyer has the right to choose whether or not to complete the deal. Because the risk of price fluctuations drops over the seller, the buyer will reward him for the right to receive this award, in other words reward. Thus, the option is performed when the buyer is beneficial.

Types of Financial Institutions. The main types of financial intermediary financial institutions are banks, insurance companies, investment funds and investment companies, and pension funds.

Banks. Unlike other financial institutions, banking institutions have the ability to open deposits, requiring owners (account numbers or checks). Together with the possibility of lending credentials to banks, the Bank has an extremely important feature: the banking system "builds up" money, which means the ability to raise money.

In addition to the activities related to the provision of accounts and short-term loans, banks can act as savings agencies and participate in the securities market as investment intermediaries.

Investment Funds and Investment Companies. The activities of investment funds and investment companies are joint investment, that is, consolidation of assets of most subjects aimed at the implementation of investment activity. Investment Funds and Campaigns Fund their Ownership Funds.

Insurance companies. The essence of the insurance companies' activities may be explained by the sale of goods. The insurance campaign will actually take on the risk of partially or mutually paying losses when it comes to a disastrous insurance situation for its clients, and actually buy their risk or risk. The risk for the majority is the "benefit of debt", so in this case, the insurance campaign should have a certain amount of money - the insurance premium, which can be either a single or a few months. They are usually specialized in insurance companies life insurance and civil property insurance or commercial risk insurance. The insurance campaigns are one of the major investment institutions, with their clients trying to combine and utilize a certain amount of money.

Pension funds. Pension funds can be considered as special types of investment funds. They focus on the implementation of core business-pensions programs, that is, the accumulation of people with active working hours, with the aim of securing retirement benefits after their employment. In developed countries, private pension funds have become major investors in the securities market by managing large amounts of funds.

Financial Markets. In modern terms, financial markets are defined as the sale of financial assets, in which the clear rules of trade, the market participants' skill and the developed market infrastructure, the lack of flexibility and solidarity exist.

Primary and secondary markets. The securities market is put on primary markets. The primary market includes the issuer of securities (ie privately owned or publicly traded companies that sell securities for free sale) There are two basic methods of placing the primary placement into an underwriter - the direct selling of the securities and the financial institution .

In the emerging markets, typically, major investment companies, brokerage firms, and commercial banks in many countries also act. Underwriter purchases all or part of the issued securities for placement among investors. The main advantage of an outboard installation is that the issuer actually receives the necessary financial resources for it. In addition, an underwriter is usually a well-known financial institution, and the issuer is empowered to issue securities when it issues securities.

The first placement technology can actually be based on a contractual basis - the price of placement is determined by the issuer and investors, and the placement price in accordance with the auction principle is determined by the auction results and the securities holder is the investor offering favorable conditions.

Secondary market is the transition from one investor to another investor. The main role of the secondary market is to ensure the liquidity of securities, making it attractive to investors, thus ensuring the effective functioning of the financial markets, in particular, their main task - to make savings in investments.

The secondary market can usually be marketed and traded externally. The exchange market is related to the place where the securities are traded, through a specially established stock exchange. Founders of stock exchanges are typically financial intermediaries. Only stock exchange members are allowed to sell directly on the stock exchange.

government regulation of the securities market. It is impossible to imagine that any market can be split apart from the state at present. The state establishes and regulates the legal basis of market relations - it defines the basis of the rules of economic relations of the market participants and guarantees the right of ownership of the property.

The legal norms related to the investment activity in Uzbekistan are reflected in the Constitution, the Civil Code, the Law on Property, the Entrepreneurship, the Dehkan Farms Act and many other legal acts.

In any country, the government regulates the securities market in any form or in any way indirectly or indirectly. In addition to ensuring the legitimacy of the securities market, the state regulates the issue of issuance and circulation of securities, issuance of new ones, licensing of professional activity on the securities market, protection of investors' rights, compliance with the legislation on monopoly, control over the market participants' activities.

Most important issues in the market have been settled by the National Bank, the Ministry of Finance and the State Tax Administration.

Taxation. Except for regulatory regulations, the factor affecting the government's influence on the financial market is taxation. Taxes affect both direct and indirect financial markets, influence investment decisions, and generally determine market behavior. The purpose of the government is always to achieve a reconciliation between the fiscal burden and the overall economic efficiency.

The taxation system of Uzbekistan is still on the rise. Its main definition is that certain aspects of the market economy are compatible with the tax systems of the developed countries. As in other countries, the main taxpayers in Uzbekistan are enterprises and individual citizens. The main object of taxation in enterprises is the value added tax and profit of enterprises. Tax rates vary by sectors. The objects of taxation of citizens are their gross income, the tax rate is based on the progressive scale.

Risks and Profit: The Basis of Theory of Decisions in the Risk of Risk.

Risk is so close to us that it is so objective, just as objectivity is in the world around us. Elements of objectivity are random and uncertain. The economy, including finance, is so inadequate that the risk factor is significant.

Riskiness occurs at the same time as it is difficult to predict the outcome of some decisions. The results of decisions in the economy are often assessed in terms of value, in which case the risk should be considered as a result of loss of value or random nature as a result of economic decisions.

The most important factor in the capital market risk. In fact, the risk of failing to invest in capital markets and the financial market in general has turned them into the same debt obligations as the single interest rate.

Uncertainty, the appropriate risk is economically complex. When a person makes a decision, he always deals with risk.

The simple fact is that people often agree to risk rewards, which is one of the basic principles of the theory of finance.

Evaluation criteria for investment effectiveness.

If the discounted value of future cash flows of a specific project (current value of future cash flows) would be more than the total value of discounted expenditures, it would be more advantageous to invest. This criterion is pure value

**Pure Value:**

0, 1, 2, ..... t, ..... n Time

Let's assume that an investment project that now  $c_0, c_1, c_2, \dots, c_t, \dots, c_n$  is a pure cash flow (now 0 is considered current).

Net cash flow

$C_t$  The project revenue is defined as Growth Growth.

The net present value of the investment project is the present value of the net cash flows that this project will provide:

$$NPV = -c_0 + \sum_{t=1}^n \frac{c_t}{(1+i)^t}$$

In other words, the pure value is the sum of the sum of the total value of the total sum of expenditure. Evaluation of investment decisions NPV criterion is to compare the value of today's expenditures and revenues: if  $NPV > 0$  investment is beneficial,  $NPV < 0$  will not be beneficial.

Any economic problem requires a well-balanced distribution of resources. Any economic entity deals with the allocation of material, financial, human and other resources available to a person, enterprise, or government. The economic theory tries to take advantage of any subject, when deciding upon it. This principle is based on good investment decisions.

What is beneficial for this or that investor? Is it possible to keep its savings, placing it in bank deposits, granting to the government, or acquiring a stock? This is to be done by beneficiaries.

**Best portfolio selection and diversification.**

It is the duty of the investor, who has a wealth of wealth, to use it.

The investor has funds available, each of which spends a certain amount of revenue on the unit. The problem with making a decision is that the amount of revenue will not be known beforehand. Analyzing this situation, making alternative choices is important. It is important that the expected return on investment and the standard deviation of profitability.

Theory of Corporate Finance. The business form of business is one of the major forms of business organization in any country in the market economy. The main feature of the corporation, which differs from the business firm, is the unification of many investors to finance the firm's capital. The institutional form of organization is one of the key elements of the process of ensuring the use of funds for the purposes of investment in the production of individual household savings.

The theory of corporate finance is one of the most important and complicated components of the theory of finance. It focuses on the issues that will be explored, how to build capital, and how to value the firm's value. The theory of corporate finance is reflected in the problems of economic theory, such as risk and profitability, value in time, asymmetric and customer-agent interrelations, conditional demands assessment, and often other issues. (One aspect of asymmetric information and economic relations is better informed than the other side).

In general, corporate finance is a separate science, with a great deal of specialized teaching literature and a great deal of research.

Costs of capital financing and corporation value. The sources of capital financing for any firm can be divided into two categories: Own Funds (Ownership Funds) and Loans. Ownership in a business venture is the owner's funds used to fund production. The corporation has the ability to attract many investors to invest in shares, which are part of its capital.

borrowing can be financed along with the bank loan, in the form of a debt bond issue.

Thus, the capital of any firm consists of two parts - its own capital and debt. Therefore, the value of the firm's equity or the firm's value is the sum of its equity (equity value) and debt value.

Explained in the formula:

$$V = S + B$$

That is, the value of V-company (corporation), S-value of equity, B-debt value. the ratio of debt to equity value ( $B / S$ ) is called the financial leverage coefficient.

(1) use of loan capital to increase the return on investment; 2) the ratio of loan proceeds to equity of the corporation).

Any form of financing of firm capital is related to the costs. In case of debt obligation - it is more than the principal amount of debt to creditors: income earnings on interest rates or bonds. In the case of fixed capital - these are the income earned to the proprietors. Funding costs for capital expenditure are available irrespective of the form of the firm. Corporate withdrawal form is the earnings per share of the Company's shareholders. For a business firm, if the owner uses his or her funds, the costs are the cost of the alternative, ie lost profits, which the entrepreneur can take when he / she is using his / her resources in the best possible way.

We represent costs in percent of the capital value. Capitalization of own capital - is the income earned by proprietors at the expense of the cost of own capital. Accordingly, creditors' income is due to the unit of credit. The cost of creating a firm capital reflects the average size of capital costs, which  $S / V$  ratio reflects the share of equity in the total capital of the firm, reflecting the share of  $B / V$ .

Borrowing Debt Less Than Risk Relatively Rather than Putting Himself in Equity. First of all, because the default interest rate is predetermined, and the earnings by the stock is unknown, and depends on the firm's results. Naturally, in this case, there is also a risk that the firm will not be able to provide interest on debt on any or all of the same, as well as core capital revenues. But, in the latter case, lending to a firm's assets has little or no risk of creditors' rights, which is enshrined in the economic laws of most countries. According to this principle; If the company terminates its operations, repay the debt

These considerations are based on the traditional approach to the cost of capital, and accordingly borrowing money is cheaper than financing at the expense of its own funds. Indeed, the fact that most investors are not risky should provide greater return on risk for attracting investment.

Accordingly, the increase in the share of debt in the total capital of the firm should reduce the total capital costs. However, the ability to finance debt repayments may not be infinite. Growth in  $B / V$  increases the risk of financial insufficiency. The increase in risk, in turn, reduces the value of debt and, consequently, leads to an increase in costs (profitability), because  $B$  and  $R_b$  are in reverse.

In other words, the big risk associated with the increased liveliness can lead investors to demand a large loan.

Thus, according to the firm's view of the value and content of the firm, the increase in the share of the total capital of the firm decreases the total capital expenditure for a certain period of time, but then the increase in the costs of Leverage ( $B * S$ ) increases with the increase in the risk of debt obligations.

Based on this review, there is an optimal level of financial livelihood, providing minimum capital expenditure, and each firm has its own capital structure and should aim at reducing costs. Dividends payable to shareholders by the firm are usually the object of taxation because they are included in the total taxable income of a person. Consequently, the return on equity investments should be higher than the net profit of government securities (usually non-taxable) at a tax rate of at least.

From the traditional point of view, the idea that investors prefer high-end firms is denied by the theory of Modigliani-Miller. However, as a result of the taxation factor, and in particular the progressive rate of taxation, the theory's conclusions are somewhat remedied. Dividend attitudes can depend on the investor's overall income (wealth). Investors with a low level of income (with a relatively high tax rate) are likely to favor dividends that would increase their current consumption. Investors with high profits would like to have a high share of the stock price, as dividends pay off a considerable portion of their tax revenues and capital gains from growth may only be taxed by the sale of shares.

Financial Debt Evaluation and Investment Portfolio Management.

debt relief or other cost-effective financial instruments are important in investing activities, as they can be deducted at any time by promissory notes (promised). This does not mean that it is not worth the risk. The specified weapon may have an insolvency (credit risk). In addition, there is always a risk of losing inflation, change of interest rates or other factors. Defined financial instruments include, first of all, bonds, promissory notes, savings certificates. Some notes may also include an entity's preferred stock of this category.

Cost and yield of bonds. Bonds are securities, and their holders have the right to receive in the prescribed timeframe terms on the terms of their issuance, the emitter (the State and private institutions issuing securities for the sale of securities to the free investor, undertake obligations under these pledges) Nominal is the amount of the principal debt on the bond, and its placement is called the redemption of the debt.

Disposals between the discharge time and the coating shall be referred to as coupon bonds or, as a rule, coupons, determined by the conditions of the emission. As a rule, the amount of coupon bonds is the same as at the same time as the coupon period. The amount of coupon bonds at the bond value is called coupon rate.

The discount rate (the difference between the face value of the security and the price) of a coupon without a bond is called a bond.

The obligation is to provide certain income to its owner. Because the discount is lower than the nominal value. Difference between the discounted nominal value and the purchase price (if the price exceeds the nominal value, this difference is called a prize). Investing risks associated with the bills are primarily the credit risk and interest rate. The credit risk from the obligation is that the bond may not be consistent with the actual earnings per share. For example, in case of insolvency of the issuer, the bondholder may rely on some bonds (if the bond is secured by the property of the issuer), the amount and timing of which may vary by the issuer.

The uncertainty of the bonds can be determined by the terms of the bond issue. For example, the issuer may retain the right to a pre-determined purchase price if its profitability is unacceptable at market rates. In such a case, there is a risk of early repurchase in bonds. In addition, the emission condition may be subject to change in accordance with the prevailing rules of the coupon rate on bonds.

Interest rate risk is a systemic (market) risk to the bond market. This is generally a change in profitability in the market. If the credit risk (the default risk) is different for different types of bonds, then interest rate risk is the same for different types of transactions. Interest rate

risk associated with interest rate risk is the unprecedented rate of inflation. Why does the interest rate risk explicitly involve defined investment? In fact, if we try to keep the government bonds up to maturity, then the amount of revenue we have earned is already known and the risk is high.

But if the investor plans to sell it until it reaches a bond, its income can not be predicted - the sale price of a bond depends on the rate of profitability at the time of its sale, so it is impossible to forecast it.

### **Key words**

Investment, Investment, Financial Investments, Real Investments, Classification of Investments, Direct Investments, Portfolio Investments, Economic Investment in Investment, Investment Projects, Investing Activities.

### **Control questions**

1. What is the essence and meaning of investment?
2. What is the objective necessity of investment in the market economy?
3. How do investments differ from capital investments?
4. What do you mean by the classification of investments?
5. The concept of an investment process?
6. Explain the Purpose of Investment Policy in Uzbekistan?
7. Explain the meaning of investment activity?
8. Invest in investments?

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## **5 Subject: Investment climate.**

### **1. Investment climate and concept**

### **2. Investment risks and categories.**

### **3. Factors affecting the investment climate.**

### **4. World experience of determining investment climate.**

#### **1. Investment climate and concept.**

The development of an investment climate model by foreign capital buyers is an instrument of identifying all-round external economic ties. It has the opportunity to have a clear understanding of the factors influencing foreign investors, a comprehensive understanding of the behavior of foreign investors and a deeper appreciation of the economic situation in the country. All these processes play an important role in attracting foreign capital in the process of initial economic relations of the Republic with other countries.

In the development of projects and programs that should be implemented with the participation of foreign investors, it is particularly noteworthy that the investor's goals and capabilities are not limited to his / her own interests.

The concept of an investment climate is based on its complexity and completeness at macro and microeconomic level. At the level of macroeconomics, it involves the current political, economic, and social aspects of the country of acceptance of the capital. At the level of macroeconomics, the state policy in relation to foreign investments, nationalization of foreign property, participation in international treaties on various issues, the stability of state governance, inevitability of political leadership, the level of intervention of the state in the economy, economic policy perfection, efficiency of the state apparatus, level of improvement, money circulation and sustainability of the state budget, internal and external the amount of external debts and others are crucial. Investment environment is negatively influenced by the presence of unacceptable rules and unconventional processes, apart from the direct costs incurred by the laws of the host country and the factors limiting or restricting the activities of foreign firms.

At the level of microeconomics, the investment climate reflects the double-linking relationship between the investor-firm on the one hand and on the other hand the economic entities accepting foreign investment - the sellers, buyers, banks, and trade unions and other public organizations. This level of investment climate is aggregated in economic, legal and cultural spheres. Macro and microeconomics levels together form a single investment climate and determine the potential relationship between potential investors and stakeholders.

The investment climate is an object category and reflects a set of circumstances that actually exist for investors within a given time frame. But under the current conditions, the investment environment is only under the influence of state authorities. Of course, the experience of companies and firms with world-class experiences, including foreign investment and achievement of high economic indicators, should be widened. National practice should be taken into account when implementing this process.

The sensitivity of the government is one of the factors determining the investment climate. Accordingly, each country of capital may have a certain investment system. This system includes the foreign investment system and investment climate, consisting of legal norms and institutions. The system of foreign capital acquisition serves as a component of the investment climate and is independently created for it. Because he is able to change the investment climate. If the foreign investment system shows the acceptance of the attractive foreign capital into the national economy, the investment climate will assess the extent to which the capital flows within the country.

With the help of foreign investments, it is possible to make industry changes with new modern technologies, agricultural complex processing industry and other industries. It is necessary to create favorable investment climate for foreign investors to carry out such positive

work. The investment climate is not a new concept in the economy but has not been developed in terms of independent Uzbekistan. Now there are attempts to create such conditions. A number of developed countries have been successful in this process. The importance of the investment environment, in practice, gives a clear idea of how foreign investors operate based on what kind of wealth and patterns they are, and in this way, develops how to deal with foreign investors.

An investment environment - a concept that is widely used, covers all issues and issues that are considered by the investor. The investor assesses the most favorable and inconvenient aspects of investing in a particular country, and attaches great importance to the ideology, politics, economy and culture of the country where it wants to invest its own capital. Investment risk is determined on the basis of comprehensive analysis of investment climate. Investment environment and risk levels are in contrast. The more comfortable the investment climate is, the lower the investor's business risk, which increases the number of investors. On the contrary, if the investment climate is uncomfortable, the risk is high. This leads to an increase in the cost of the investor. Thus, the state of the investment climate is important not only for the investor, but also for the investor.

## **1. Investment risks and categories.**

Nowadays, it is important to consider the investment risk concept from the point of view of competitive competition for investment between different countries and regions. The flow of investment flows to these countries, as well as their real volumes, are ultimately determined by these risks.

In general, the risk of investment can be divided into three categories:

1. Main (or country-specific) risk:
  - political and social stability in the country of investment;
  - The government's consistency and sustainability of the macroeconomic policies (inflation control, budget, credit policy, etc.);
  - Opportunities and conditions of transferring profits and other income from entrepreneurial activity abroad from the country of investment;
  - Other legal conditions of investment (the law protecting the rights of foreign investors and existence of actions within the law).
2. Risk to Contract or Investment:
  - The duration and effectiveness of complex processes;
  - Completion and approval of contractual terms, as well as the integrity and effectiveness of the parties to monitor the compliance of the parties with the terms provided by the agreements;
  - Access to a suitable local partner;
  - Availability of a system for evaluating the contribution of a newly established enterprise to the charter capital of hardware, technology, know-how, raw materials, materials and other;
  - The legal basis of intellectual property protection, including transfer of technologies.
3. Operational or Investment Risks:
  - Procedures and duration of operation (action) decision-making;
  - The degree of impact on decision making on profit distribution and distribution;
  - organization of management, including investment project infrastructure, personnel management, financial management;
  - The duration of access to local raw materials and the manner in which they are obtained;
  - Local market marketing;
  - finding a qualified local workforce;
  - Risky conditions for public safety, including foreign workers working in that country.

Each company independently evaluates its investment strategy based on its investment strategy, its position in terms of competition, and invests in a particular country. In the decades to come, the differences between the companies in the developed countries and the dynamically developing countries in industrialized countries have become apparent.

Companies in the developed countries are distinguished by their extraordinary size and durability. They learn and analyze the political and economic situation in the country, and then decide whether or not to invest in the country. Companies in new industrialized countries are more active. Their strategy differs from attack and speed. It is a key issue for companies to gain access to new markets and to take a leading position there.

There are many examples of both the first and second strategies of access to the market. But it's hard to answer which one of them is good and which is bad. These strategies are basically different, each of which is based on the historical experience of contemporary countries, the traditions of the business world, the mentality of people.

Uzbekistan has begun to create a system of attracting foreign investments to the national economy, which has gained independence. A number of laws and presidential decrees have been issued. , "On Foreign Economic Activity", "On Improvement of Guarantees of Foreign Investments and Activities of Foreign Investors". These laws and decrees are, in a sense, a legal basis for the attraction of foreign investments.

## **2. Factors affecting the investment climate.**

A number of factors affect the investment climate.

Political Factors:

- public policy on foreign investment;
- comply with international agreements;
- The level of government intervention in the economy;
- vitality of economic policy;
- country participation in the system of international treaties;
- State apparatus activity;
- Investing in the political government.

Economic Factors:

- general condition of the economy (rise, decrease);
- Stability of currency exchange;
- Dynamics of inflation processes;
- tax exemptions;
- Customs procedure;
- order of use of labor force;
- Labor cost;
- Demand and supply of specific products;
- credit value and so on.

Social factors:

Public relation to private property and foreign investment;

- The degree of anxiety of societal solidarity;

Existence of an agreement on the main issues of the country's socio-economic development;

- Working group organization.

When analyzing a country's investment climate, it is not the opinion of an official, but the opinions of foreign investors who want to place their own capital in a profitable project. In their opinion, the investment climate depends on a number of factors, and their availability ensures that the investment environment is the most effective.

The first is that political stability and its existence enable the investor to plan ahead and

confidently move forward. It has been demonstrated by the existence of a strong legal system, internal and external military conflicts, and the absence of revolutionary changes.

Secondly, economic efficiency. Each investor wants to invest in a nation's economy, which is pursuing a sustainable economy development strategy, with a high rate of economic growth.

Another important factor is the relationship between government leaders, labor collectives, opposition parties, and the nation's foreign policy towards foreign investors. Moreover, the attitude of ordinary people to foreigners and their economic and social activities in the country is of great importance. This factor also has a major impact on investors' activities in the country.

Government policy is another important factor that can have a different impact on investor activities. Of course, the economic policy pursued by the government will have an impact on the business, trade and investment process directly or indirectly. Here are three things to pay attention to: the degree of participation of foreign investors in the projects. Foreign investors are interested in what part of their business they own. This depends on the type of project: a) If the investment project is export-oriented, and the bulk of the raw material is imported, the investor claims to have the maximum (sometimes 100%) of the business; b) if the investment project is export-oriented and the majority of the raw materials is domestic raw materials, the investor will also behave according to the conditions of the same business in other countries; c) If the investment project is intended to sell the product on the domestic market, most TNCs will try to act as partners, otherwise the other competitors will be able to capture the market before them. Foreigners' work. Foreign investors are encouraged to have their business and income under their control. However, the cost of attracting foreigners is considerably higher. Currency regulation. In addition to the ability to invest and invest in foreign investors, it is of great interest to get business income from convertible currency, to export, and to have a currency account.

The next factor is infrastructure, which is one of the major factors behind the current situation in the country. The terms and conditions of the use of land for production, land lease terms and conditions, automobile and railways links with major transport ports (ports, airports) and markets, availability of electricity, water supply (in some cases, drinking water supply) the level of development of telecommunications, the availability of telephones, faxes, telex communications, and communication with computers.

Workforce. The main reason for the introduction of foreign investment is the low cost of labor in the host country. However, the ability to attract investments is reflected in literacy, the level of qualifications of the workforce, the ethics of working, the degree of labor productivity, the impact of various social movements on the production process, and so on.

Banks and Finance. The availability of all financial instruments used in the country for international trade and investment represents the quality of services in this area. It is important for investors to have a sufficient number of financial institutions in the country and the affiliate affiliated to major international banks. The activity of affiliates of the largest trading and investment companies in the world will increase the reliability of investors.

Formalities in government structures. It does not matter how the government assesses its investment policy. Here is an assessment of a wealth of experienced entrepreneurs. Investors rarely spending their money on formalism and paperback industry. The most important thing for the government is to conduct an expertise of the ongoing projects, which can only be formalized, to correct the mistakes.

Local business environment. This concept is so extensive that it includes: a lawyer, a great deal of consultants, qualified businessmen, accountants, architects and designers. In addition, the experience of local partners, relationships, diligence and reliability is also taken into account when opening a joint venture.

Quality of living. This factor is reflected in everything that is offered to a foreign

investor. The level of livelihoods and income of the population is reflected in the volumes of production and labor costs. The foreign investor needs comfort, employment, banking, and other services.

### **Key words**

Investment, Investment, Financial Investments, Real Investments, Classification of Investments, Direct Investments, Portfolio Investments, Economic Investment in Investment, Investment Projects, Investing Activities.

### **Control questions**

1. What is the essence and meaning of investment?
2. What is the objective necessity of investment in the market economy?
3. How do investments differ from capital investments?
4. What do you mean by the classification of investments?
5. The concept of an investment process?
6. Explain the Purpose of Investment Policy in Uzbekistan?
7. Explain the meaning of investment activity?
8. Invest in investments?

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## **Theme 6: Attraction and Financing of Foreign Investments.**

- 1. The essence and nature of foreign investment.**
- 2. Foreign Direct Investment and Portfolio Investments.**
- 3. Exporters and importers of foreign investment.**
- 4. International Capital Migration.**

### **1. The essence and nature of foreign investment.**

We can say that any form of property that is intended to earn a state other than a state is a foreign investment. But there are some forms of ownership that we can not call them foreign investment. For example, the embassy is a property of a foreign state, or a foreigner is a foreigner, but does not have a foreign investment.

International investment is an investment in the middle of the world. Outward investment and their active movement amongst the countries have turned into a distinctive feature of contemporary global economy and international economic relations. Export investment has ended the monopoly of export of goods in the world. At present, the average annual growth rate of international investment exceeds 30%. This indicator is almost 5 times higher than the world trade growth rates. International investment involves accumulated resources in production, money, and commodities, which are essential for material wealth. These investments are continuously transferred across the country to one another and to the interstate movement.

Companies and individuals are participants in the investment process. They can also participate in the investment process and on the side of the bid side.

The difference between foreign investment and domestic investment is that the investor is a citizen of another country. Due to the economic content of foreign investments, loan capital (ie loan and loan), as well as direct and portfolio investments are invested. What they are investing in determines what type of foreign investment they enter.

Foreign Investments can participate in joint ventures with foreign investors to participate in privatization, establishing a bank with foreign partners, purchasing securities, using land and other natural resources, and operating in free economic zones.

Factors influencing on 2 factors on foreign investment:

#### 1) Economic factors:

- Development of production and regular growth of economic growth rates;
- Implementation of deep structural shifts in the economy of the world and individual countries (especially under the impact of science and technology advancement and the development of the world market of services);
- Deepening of international specialization and co-operation of production;
- Growth of transnationalization of the world economy (the volume of production of foreign branches of the US Transnational Corporation (TMC) is 4 times more than exports of the USA);
- Deepening the processes of internationalization of production and integration processes;
- Active development of international economic relations (IFIs) and others.

#### 2) political factors:

- liberalization of capital exports (imports) (free economic zones, offshore zones, etc.);
- Implementation of industrial policy in developing countries;
- Conducting economic reforms (privatization of state-owned enterprises, support for the private sector and small businesses);
- maintaining the employment rate policy, etc.

Economic efficiency of foreign investments. In order to demonstrate the economic effectiveness of the international capital movement, it is necessary to assume that profit from capital investments is different in different countries. Let's say that there are two countries in the

world. The AK country of the first country has an equity capital of the II country.

Total capital of both countries equals KK. The straight lines S1 and S2 reflect the growth of production volumes depending on the size of capital in I and II countries. If it is assumed that there is no international capital movement, the I and II countries will generate their own capital expenditures inside the country (the size of the I country in the KD size of the II country). The country's own equity capital is equal to the aggregate of production segments, with the benefit of owners of capital, while the rest is the benefit of other owners, such as land and labor. The production capacity of the II country is equal to that of the owners of the capital, and the rest is the benefit of the owners of other production factors. The fact that  $KC < K'D$  is the first in the country means that capital gains are less than the nationality II.

#### Economic efficiency of direct foreign investments.

- If both countries withdraw the restrictive barriers to international capital movements, part of the country's capital (AV) will go to II, as the profits from the investment are different in both countries. Then the profits from the investments will be balanced at BR level. As a result, I is equal to the sum of production capacities of the country's own capital, and foreign investment in the second-country investment. Growth of a certain portion of capital will be increased to a certain volume (by volume of volume) by means of investment into II country (without change of gross capital volume). At that, the capital gains from KS to KE. Owners of other production factors are only in size S segment.
- On the other hand, the flow of capital from country I to country II will result in the reduction of capital profits from K'D to KF. At the same time, I is drawn from the country and expanded from the production capacity of the II country as a result of its domestic capital use. Of course, the segments are generated by foreign capital, and ultimately, the need for investors in the I country. Thus, the net growth in domestic production was equal to three segments. As a result of capital gains in the II country, capital owners' revenues are reduced to a size from one to another, while other income generators increase their income.
- When viewed from the standpoint of global scale, the transition from one country to another will increase from the volume of production to the size of the volume. At the same time, I is the result of the more efficient investment in the country's investment in the II country, the second belongs to the country, and the size of capital invested in that country.
- Thus, the international capital movement (such as the international movement of goods) will lead to a more efficient redistribution of production factors and the growth of its global gross domestic product. In this case, the income of capital owners in the country of exporting capital will increase, and the income of other owners (especially the workers and husband) will be reduced. In the country where the capital is imported, the income of the owners of the capital will be reduced, and the other factors of production will increase the income of the owners.
- The countries' involvement in IOM processes has been demonstrated through a number of indicators. These include capital exports (imports), balance of capital exports and imports, number of foreign capital enterprises in the country, number of employed persons and so on. From the point of view of the problem, the countries of the world can be grouped as follows:
  - Countries exporting capital (Japan, Switzerland);
  - Countries importing capital (AW, UK);
  - Countries with approximate equilibrium (Germany, France).
- 

Other group indicators reflect the distribution of countries' IPC, depending on the level of exports and imports. These are:

- 1) Capital Imports (Kick) - reflects the share of foreign capital (GDP) in GDP of the country: the highest indicator among European countries is in Belgium and Luxembourg;
- 2) Equity export coefficient (Cake) - reflects the ratio of exported capital (EC) to GDP of the country:

, the maximum value among the European countries belongs to the Netherlands;

3) Indicators of the share of foreign capital in the total volume of capital investments in the economy of the country:

where  $K_{ex}$  is the need factor,  $IF$  is the foreign capital,  $D(K)$  - capital demand in the country.

33% of the US capital needs will be covered by foreign capital;

4) Other relative indicators - share of foreign or mixed companies in national production, Growth rates of capital exports (imports) compared to previous period, amount of foreign investments adequate to each country's population and others.

## **2. Direct and Portfolio Foreign Investments.**

By the way, foreign investment will be direct and portfolio investments. Direct investment is a direct investment of capital, which allows the investor to control the venture. At the same time, the enterprise becomes a branch abroad of the parent company. Direct Foreign Direct Investment (BFI) was primarily a private venture.

There are different approaches to incorporating investments into the BPRs in international statistics. As a benchmark for oversight by foreign investors, they use the share capital ratio that they have. This indicator is set at 10% in the USA, around 20% in France and the UK, from 25% to 50% in Germany, and 49% in Uzbekistan. It is also one of the key features of long-term investment in the direct management of this company. This type of investment is one of the best and most probable method of distributing risk among the government and the population, and not allocating responsibility for the efficiency of investment.

Another approach to the BFI is that such investments are related only to the ownership interest, ie, to the share of equity capital. Suitable BFI for:

- a) Acquisition of shares abroad;
- b) reinvestment of profit;
- c) internal debts and borrowings of the firm.

Many economists believe that these forms are inadequate and continue to be maintained through various non-compliant forms (subcontracts, management agreements, franchising, licensing agreements, etc.).

The increasing number of different approaches to the concepts related to the forms and methods of the BFI caused a number of problems. These problems are universal and require unusual approaches.

Direct investment will be divided into two groups:

1. Transcontinental equity investments.
2. Transboundary Submissions.

Transcontinental equity investments are investment in another country or a continent, with the exception of favorable market conditions for investment. The main objective is to capture the market and create new production on this continent.

Transnational capital expenditure is primarily enforced in the countries. The main objective is to minimize the movement of capital to the parent company.

Direct investment is aimed at two purposes:

1. Establish a new company.
2. Acquisition of bankrupt companies.

Portfolio Investment is a kind of investment in which capital is used to buy stocks, bonds and other securities of the enterprise in order to earn income. Such investments do not give the right to supervise the financial and economic activities of enterprises. Foreign Portfolio Investments are crucial for firms in carrying out all international transactions. By applying a type of investment, it is applied to address financial issues. The financial arrangements of corporations make transfers from one country to another to benefit from short-term investments. Such investments are often based on the equity capital of private entrepreneurs, and sometimes they issue their own securities and buy foreign securities.

International portfolio investments are reflected in the country's classification in the balance of payments. Portfolio investments can be summarized as follows:

- Shareholders' equity - a cash circulation document that confirms the ownership of the document by the holder of the document;

- Borrowing securities - a cash transaction in the market, confirming the relationship of the borrower with the person who issued the document.

Bonds are issued in the following forms:

- bond (bond) (ordinary bill, debt obligation) is a cash-settled share, which gives its owner the right to receive fixed and guaranteed fixed monetary income or fixed-term monetary income;

- Monetary instruments are a cash-free tool that gives its owner the right to receive guaranteed and fixed income over a specified period of time. These instruments are sold at reduced prices on the market, the price reduction depends on the size of the interest rate and the maturity of the debt. These include treasury bills, deposit certificates, bank deposits, and more.

- Financial derivatives - are a cash-generating unit with a market price, giving it the right to sell or to acquire its parent securities. These include options, futures, bets, swaps.

In order to take into account the movements of international portfolio investments, the following categories are taken into account

- Note (note) - short-term (3-6 months) cashback, issued by the Borrower to the name of the Borrower on the basis of the agreement with the bank, guaranteed and non-traded placement on the market, purchase of reserve credits. Common notes are the Euphrates.

- Option (option) - is a contract (security) that gives the buyer the right to buy or sell a particular security or a fixed amount within a specified period or at a fixed price. The buyer of the option reserves the right to sell the above-mentioned rights to his owner.

- Varrant - one kind of option, allowing the holder to purchase a certain number of shares from the issuer within a certain period of time.

Futures are short-term contracts that are mandatory for sale or purchase of securities, currencies or commodities at a fixed price and in the future.

- Forward Rate - An agreement on the size of the interest rate at a fixed rate against the principal amount of the principal debt, which may be lower or higher than the current interest rate.

Swap (Swap) - an agreement on changing terms and conditions of a loan for a certain period of time, subject to trade rules

The advantage of portfolio investment over direct investments is that they can be exchanged for cash in the shortest possible time. The main reason for portfolio investment - taking into account the level of risk, a foreign investor can invest his / her own funds in the most profitable securities abroad. In a certain sense, portfolio investment is viewed as a means of protecting money from exploiting inflation and speculation. In this case, both the investment and the type of securities are of no significance; it is a great deal of growth.

## **1. Exporters and importers of foreign investment.**

The internationalization of the capital market, which began in the 1970s and gradually expanded, is characterized by an increase in the flow of capital between countries with a market economy. The flow of international capital is an act of production. At the same time, certain goods and services flow to that country because of the economic benefits of production in other countries. This is evidenced by a general increase in the volume of direct and portfolio investments, an increase in short and long-term loans, and an increase in transactions in the euro market.

International Capital Migration, as one of the leading international economic relations partners, has a significant impact on the development of the global economy. This impact, first of all, is reflected in the growth rates of capital migration on the world economy. Equity investment

seeks to explore areas where there is a favorable investment climate. International investment allows many recipient countries to solve the problem of capital deficit in production, to increase investment opportunities and accelerate their economic growth.

Capital outflow is one of the most important conditions for the intensification and development of international division of labor. The movement of interstate capital strengthens economic ties and cooperation between them, deepens international cooperation and co-operation in production.

As the international capital migration promotes the development of world trade, it increases the cross-border trade turnover between the countries, including accelerating the intermediate turnover between international corporations. In the conditions of mutual integration and internationalization of financial markets, the international reproduction of capital will be ensured and the effectiveness of the mechanism of international economic relations will increase. On the other hand, the flow of uncontrolled capital leads to the destabilization of the balance of payments of the country and significant fluctuations in the exchange rate.

Almost all countries are considered to be both exporters and importers of investments (as BHIs are mainly through the TNC), or an investor (where the TNC's head office is located) and the buyer (the TNC owns its subsidiaries, ).

It is desirable to analyze the distribution of WIS among the countries of the world by analyzing the importing and exporting countries - exporting countries attracting foreign capital. In the 1990s, developed countries became major exporters and importers of BHIs. They accounted for two-thirds of the total BHI.

In spite of the negative impact of the CPI on the global trend, it grew year by year and its exports to \$ 649 billion in 2001 and \$ 644 billion in attractiveness. Negative factors affecting the global trend of CPI include:

- Economic downturn in Asian countries (including Japan);
- instability of financial markets in Asia, Russia and Latin America;
- Reduce the number of loans issued by banks;
- Decrease in international trade;
- Decrease in prices for raw commodities (in particular, oil);
- Decrease of share of privatization;
- Expansion of excessive production capacities (especially in automotive industry).

If we compare exporters and importers with relatively large capitals, at first glance it may seem like usual. They are part of the developed countries, which differ in their annual meetings in the global economy. But this is not as bad as it is because Japan's share of importers is very low. This is due to its traditional policy. In the case of importers, countries such as China, Spain, Australia, the Netherlands, Belgium, and Luxembourg are currently in the forefront. The main exporters are Hong Kong (China) and China

In general, it is enough to distinguish between the USE and the "Trinity" of the USA, the European Union and Japan. They should be 4 \* 5 of the total volume of international investment. This is even more significant than their foreign trade turnover.

Among these countries, the USA is the largest capital importer in the world. In the context of the growth of the volumes of direct domestic investment in the direct investment, the integration process has accelerated, and its territory has become a major exporter of capital. In Japan, the trend of capital outflow is accelerating.

Asian countries (excluding Japan) are expected to overtake the BHI in the coming years / ahead of Europe.

In Central, Eastern Europe and CIS, the BHI movement is relatively small. In 2000-2001 there was a considerable growth (the volume of direct investments doubled compared to 1998, in Hungary and the Czech Republic three times). This process is related to the process of

privatization and economic revival. The largest share of the CPI in this group belongs to the following countries: Hungary - 15403 million, Poland - 8442 million, Czech Republic - 7473 million, Russia - 9743 million, Romania - 2389 mill. Kazakhstan - 4267 mln.

Investments in CIS countries are mainly carried out by the European Union. The share of ACS in investment in these countries is 15%, and Japan - 1%. There is also an investment boom in CIS countries.

#### **4. International Capital Migration.**

The consequences of the international capital inflow have a direct impact on the country's political and socio-economic objectives. Naturally, the negative and positive effects expected from them are different for both developed and developing countries and countries with transitional economies. However, it is not possible to use only positive facts when avoiding negative consequences in any situation. In the state policy on the most complicated and controversial process of attracting foreign capital, it is necessary to determine the direction in which to do so.

In spite of the negative effects of attraction and retirement of capital at present, the tendency to withdraw capital is increasing. One of the factors activating foreign capital outflows is the growing link between national economies. Internationalization of production has a great impact on international migration of capital and accelerates its movement. Exports of capital, especially in the form of direct investments, are a key factor in the international production of production and the creation of products called international commodities.

With the emergence of international capital migration as a stimulus for the development of the global economy, it has a variety of outcomes for countries that are attracting and attracting foreign capital.

For capital-exporting countries, capital inflows can have the following effects:

- Outbound capital Non-attraction of foreign investment covering the position can slow down economic development of the country abroad;
- Capitalization for capital exporting countries leads to a decline in employment;
- Capitalization abroad will have a negative impact on the country's balance of payments.

For the countries receiving the capital, the following positive elements are:

- Governance of capital will help boost the country's economic growth;
- The attracted capital creates additional jobs;
- Foreign capital brings new technologies, while effective management accelerates scientific and technical progress in the country;
- Capitalization entails improving the country's balance of payments by the recipient.

At the same time, there are negative consequences for capital attraction:

- Foreign capital occupies the place of national capital, and shuts it out of the high net profit. As a result, the unilateral development of the country's economy and its economic viability may be threatened by certain conditions;

- Capital imports are often associated with goods that are lost due to the fact that the recipient is involved in selling goods that have passed through the life cycle of the country's markets, as well as due to poor quality of production;

- The import of loan capital will increase the country's external debt;
- Outflow of deficit capital as a result of financial crises and stock markets will seriously affect the stability of the country's currency and overall financial-economic situation. For example, the financial crisis in South-East Asia in 1997 and its impact on the global economy;

- The use of transferring international corporations has caused the recipient to incur a damage through the country's tax revenues and customs fees.

Capitalization through a large number of TMC affiliates leads to international co-

operation. Independent legal firms of different countries within the framework of one international corporation will be able to communicate closely by means of specialized, technological and detailed specialization. And capital exports strengthen these ties.

Developed economies are also one of the factors that encourage capital migration, including economic growth, the development of leading industries, and the attraction of considerable foreign capital to increase employment.

Developing countries are trying to attract foreign capital through the liberalization of the investment climate, thereby pushing for economic development.

One of the factors promoting international capital flows is the functioning of international financial institutions, which regulate the flow of capital.

International agreements aimed at preventing double taxation of income and capital between the two countries, in turn, will strengthen ties between countries for trade, scientific and technical investments.

In the 1990s, the process of liberalization of the main trends in the control of the WMD by states. In practice, all countries in the world actively support the BHI. They seek to create a favorable environment for their freedom of movement, the existing restrictions are abolished, and the cases of non-expropriation

### **Key words**

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## **Theme 7. The nature and sources of capital investments in the economic system.**

### **1. The essence of capital assets.**

#### **Capital investments and their technological components.**

### **3. Increasing the efficiency of capital assets.**

### **4. Financial sources of capital investments.**

### **1. The essence of capital assets.**

Funds for newly created and funded current fixed assets in capital investments - production and non-production sectors.

Funds are converted from the regular procurement stage to the construction phase, from which the product goes to the sales stage where they will be funded.

Capital expenditures are capitalized at the following expenses:

- Construction and installation works;
- purchase of various equipment and instruments;
- any other costs - such as project exploration, construction site preparation.

The relationship between the above mentioned three elements constitutes the structure of capital expenditure. It is characterized by network technology and reproduction. Equity investments are distributed to the public in accordance with the needs of their products, development and actual production capacities. This creates the structure of the industry. The technological content of capital investments is aimed at determining the rational volumes of various costs associated with the construction work, equipment, equipment, and the proprietary size of the foundation. Reducing the cost of capital investments in the construction and installation work, allowing for the utilization of fixed capital funds. It reflects the re-production structure of capital investments in support of capacities of existing enterprises, their technical re-equipment, expansion and reconstruction, as well as the construction of new enterprises.

Kaital projects are characterized by networking, technology and reproduction. The network structure of capital investments reflects the quantitative ratio of capital investments on the national economy.

Technological structure of capital investments reflects the ratio between the cost of purchase of machinery and equipment and the cost of construction and assembly works. Increasing the share of fixed assets (the increase in the share of machinery and equipment in equity capital) is an important factor in increasing the effectiveness of expenditures by improving their technological composition.

The re-production structure of capital assets reflects the ratio between them, on the one hand, on new construction, on the other hand, the amount of funds invested in the reconstruction and technical re-equipment and expansion of existing enterprises.

### **2. Capital investments and their technological components**

The effectiveness of capital investments depends on their technological composition, ie the specific types of expenditure in the total cost of the equipment - equipment, instruments and products used in production; construction works; the proportion of rows to project and other activities has a major impact.

The increase in the share of equipment in the structure of capital goods, as well as the increase in the share of the active part of fixed assets, to the construction works will lead to a decrease in capital productivity in the unit of output and increase their economic efficiency.

The renewal of the capital assets includes: the growth of the technical level of the industry, the growth of mechanization and automation of production, the improvement of equipment, expansion and reconstruction of existing enterprises, their co-operation and grouping, etc.

The development of capital investment improvements is crucial in improving planning and

reducing the cost of construction works.

Capital investments in the country's economy are steadily rising.

Especially, it is promoting technical development in all sectors of the economy: capital investments in such sectors as the chemical industry, power industry, machine building, oil and gas industry, building materials industry are rapidly growing.

Reconstruction of existing enterprises, based on introduction of new technologies, will allow to increase production capacities in short terms and less capital investment in the construction of new enterprises.

At the present time large amounts of capital investments are planned for reconstruction, expansion and technical re-equipment of enterprises. Expenditure on capital investments to existing enterprises depends on the acceleration of technical development and outdated techniques.

In the regions where the new natural resources deposits have been expropriated, it would be desirable to rebuild and rebuild capacities in other regions, especially in the manufacturing industry, in the case of capital investments in the construction of new ventures and new capacities.

At present, most of the previously built enterprises require the upgrading of obsolete equipment. This leads to intensification of production and to meeting the modern requirements of the technique and increasing labor productivity. reconstruction in a number of regions is essential for a multifaceted development of the economy of the region, as well as provision of enterprises with essential goods.

However, the restructuring of a working enterprise requires deep economic foundations in each case.

Experience shows that some enterprises have failed to carry out cost-effective calculations, and they have done more work on rebuilding and, as a result, exceeded the cost of rebuilding.

At the moment, the efficiency of capital investments will increase primarily by the technical re-equipment of enterprises through technical re-equipment, mechanization and automation, specialization of enterprises, improvement of technology and organizational and technical measures development and bank loans.

Equity funds will be invested in the off-the-shelf construction sites where initially the construction is to be completed and put into operation; on the basis of which the production capacities and fixed assets are put into operation.

### **3. Increasing the efficiency of capital investments.**

In order to fulfill the objective of increasing the efficiency of capital investments, it is necessary to achieve the growth of production growth for each unit of production and its wide organizational and technical measures:

1. economic feasibility of capital investments in separate sectors and enterprises;
2. Enhancing the quality of construction and designs that meet the new achievements of domestic and foreign science and technology at the technical level and to ensure growth of labor productivity, reduction of product cost and growth of productivity;
3. To accelerate commissioning of construction and production capacities, to provide design estimates and material and technical resources and production arrangements.

Planning of capital investments in enterprises is an integral part of its economic development plan and serves as a basis for improving the enterprise's production and its production capacities.

The planning ensures the continuity of capital construction and provides timely preparation of their implementation.

There is a structural shift in equity capital. This can be traced back to the distribution of all capital expenditures on two major areas. That is, 56% of capital expenditures are spent on

production facilities and 44% for non-production or service sectors. In addition to agro-industrial, food industries, capital investment in the manufacturing sector has dropped dramatically.

The bulk of all capital expenditures - over 60% - are spent on construction and assembly works. Nearly a quarter of its equipment, 24% goes to equipment and equipment, to existing equipment and 15% to other types of operations.

If we look at the re-production structure of the state capital expenditure on production facilities, it is clear that more than half of all capital investments aimed at technical re-equipment and reconstruction of existing enterprises.

Local initiatives need to be expanded to capitalize productive planning and to build up good construction productivity. Planned capital should ensure consistent construction and ensure timely completion of construction. The construction process is characterized by a repetitive demand for a relative production cycle, so the preparation period takes a long time.

The lack of plans for capital acquisition increases the value of construction and reconstruction works. Therefore, it is important to plan current capital plans and build future prospective plans based on construction and assembly works. Based on the prospective plans, the plans and programs are being developed for years, based on new requirements.

Planned Output Plans provide timely launch of new production capacities that provide growth in industry-specific industries, industries and businesses.

Therefore, the capital investment plan of the industry is based on the production program of industrial production. At the same time, the capital investment plan will be coordinated with other plans, which will enable them to provide timely material and financial resources for capital construction.

The intersectoral structure of the capital stock on the basis of sectors or the industrial capital inflows is determined by the economic and political tasks of that period. Regular equilibrium of production capacities is established in order to determine the planned amount of capital intensive industries. The distribution of these capital assets by sectors is determined by balancing the production and capital construction plans, and by balancing the mutual networks.

Regular equilibrium of production capacities will be developed to determine the planned volumes of capital investments in specific sectors of the industry. In these equilibriums, the existing production capacities at the beginning of the plan are determined, and the required capacity for the production of the desired quantity is determined. In-depth analyzes determine the need to increase production capacity by increasing production volumes and rebuilding or constructing new plants.

#### **4. Financial sources of capital investments.**

It finds expression in the relationships and proportions between the Fund for the Coverage of Gross National Product and Components and the National Income, Consumption Fund and Funds in the extensive reproduction of fixed assets. The main source of capital investment is the national income, which is the result of the use of social production during the re-production process and the basis of production. In the process of maintaining the Fund's core assets, specific expenditure in the gross national product, generated by the introduction of natural and labor resources into the economic framework, is funded and funded, and certain resources are used to meet the current needs of society.

National income is made up of savings funds, which are used to meet the current needs of the society and the formation of fixed assets. At present, a large part of the state capital investments is made out of the savings fund, and the rest is funded from the depreciation fund, which consists of depreciation deductions intended for simple reproduction of fixed assets.

The need for capital investments is also compensated at the expense of centralized funds of enterprises and organizations formed at the expense of special funds and funds.

The role of decentralized action has also increased dramatically in re-production of fixed assets even under new economic conditions.

Funds for development of production and bank loans, which are used for the introduction of new techniques, equipment renovation, expansion and production of consumer goods, are the main source of decentralized financing.

Thanks to the extraction of crude and gas, the Company has made significant progress in the fuel industry.

expanding the network of construction organizations and increasing the level of industrial production of the building allowed them to significantly increase their capital expenditures. Large funds were allocated by the state to irrigated farming, primarily to cotton growing and its basis.

New areas of this type of land have been adapted. Development and improvement of transport facilities were ensured, a wide range of automobile and railway roads were built, enterprises of communication, health care, educational institutions, and public utility services were built.

Regular balances of production capacities have been developed for the proper determination of the amount of capital investments in industry. In these balances, at the beginning of the plan, the capacities for the production capacities and the required capacity for the production of finished products are determined. In existing capacities, it is necessary to further develop the production capacities by rebuilding or rebuilding the existing enterprises after the deepening of the production capacities, taking into account all the reserves.

The balance of production capacities of the network can be determined as follows: In the next year, the production capacity of MnFh is required for the production of the finished product, in which the FK-operating capacities, their new capacities, and the planned year must comply with the exclusion of the actional forces. The average annual capacity is based on the following quantities:

- Growth of Average Annual Capacities by Mechanization of Production, Improved Technological Processes, Modification of Equipment and Other Organizational Technical Measures:

- average annual growth of capacities due to the restructuring of existing enterprises;

Average Annual Growth of Capacity by New Construction:

- Declaration of average annual power on physical and mental fatigue

The average Annual Growth Rate depends primarily on the introduction of new capacities throughout the year.

At the end of the year, the production capacity of the network must be higher than the power output. The planned balance of production capacities will allow for justification of new capacities for the next year. In the long-term perspective, the types of capital investment in the industry can be determined depending on the growth rate of industrial production.

The scientific bases for reflecting the issues of capital investments in the inter-sectoral balances, including equity investments, in the inter-sectoral balance equation are insufficiently studied. From this point of view, it is important to implement them in the market economy in accordance with the principles of new economic management.

### **Key words**

Investment, Investment, Financial Investments, Real Investments, Classification of Investments, Direct Investments, Portfolio Investments, Economic Investment in Investment, Investment Projects, Investing Activities.

### **Control questions**

1. What is the essence and meaning of investment?
2. What is the objective necessity of investment in the market economy?
3. How do investments differ from capital investments?
4. What do you mean by the classification of investments?
5. The concept of an investment process?
6. Explain the Purpose of Investment Policy in Uzbekistan?
7. Explain the meaning of investment activity?
8. Invest in investments?

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## **Theme 8: Long-term crediting of capital goods.**

- 1. The role of loans in the implementation of capital investments.**
- 2. Use of commercial loans for the implementation of capital investments.**
- 3. Evaluation of economic efficiency of capital investments.**
- 4. Financing of capital investments.**

### **1. The role of loans in the implementation of capital investments.**

Credit is a system of economic relationships that can arise in the process of using the money and material resources temporarily on the terms of repayment. The legal or natural person who has made the loan is a creditor, and those who receive it are called loaners. Loans currently under current conditions are mainly cash money. The objective of the loan is to temporarily withdraw funds from the business entities' turnover funds. Enterprise depreciation charges, production development, science and technology funds are required to capitalize on capital investments.

The proceeds from the sale of products reflecting the value of raw materials, objects, and fuel are not subject to immediate material supplies. The amount of money used for a certain period of time can also be deducted. Funds from enterprises, organizations, and the state budget are not intended to fund any costs during a certain period of time. The funds allocated to the enterprise are used for the development and improvement of production. Distribution of funds between enterprises, organizations, networks and regions on the basis of subsequent repayment is the main function of the loan. Long-term credit financing is one of the sources of capital investment.

Loans contribute to the development of production and increase its effectiveness. The Bank has been tasked with coordinating the interests of state and business entities in granting loans to banks. Under current conditions, loans are made through bonds, bonds.

Provision of business units of small business - it is to give them financial means or commodity form for a certain period of time for economic activity. The following types of loans are available:

- \* The form of issuing mortgage loans or receivables to economic entities on a capital basis.

- \* One of the types of calculations is credit provision, ie the extension of the term.

Here, the concept of "credit" is broad. First of all, it may be in the form of cash or cashback on a loan, subject to payment and interest. Legal or physical persons are called caretakers - creditors, buyers - debtors. The main objective of the loan is to allocate funds between enterprises, researchers, networks and businesses on the basis of reimbursement of funds, and to effectively use the funds at regular intervals. Another objective of the loan is to replace this real money with credit funds (banknotes) and credit opts (non-cash payments).

Secondly, the loan expands in the form of loan capital. It reflects the economic relationship between the creditor and the pledgee, in the form of repayment and repayment in the form of money or turn-over. Small businesses are widely used in the following areas: commercial, banking, government, consumer, xalkoro. All of them can be short-term (one year), short-term (one to three years) and long-term (more than three years) depending on loan term.

### **2. Use of Commercial Loans to Implement Capital Investments.**

Commercial loan is the cost of the sale of the sum of the sale and sale of the loan issued to the buyers by the seller (surrender). As a result, the calculations are carried out vekser or open. In the first case, after the buyer receives the tora documents, the seller issues a burnt billing or a simple promissory note. In the latter case, the seller does not take the buyer's debt obligations and accounts for the debt. Removal of the debt is made on short terms (1 - 2 months) as regular payments.

The need for a commercial loan is due to the fact that the use of capital and the timing of the relationship are not mutually exclusive. Here, the sale of the coterie to the lender helps unproductive production, accelerates capital flows and increases profits. In this case, the loan is usually short-term.

Bank loans are granted to businesses and enterprises at the time of the issuance of cash.

Bank loan is a combination of business loans and corporate funds, which are used by the Bank on a contractual basis, with the consent of the bank and the loan fund is established. A loan is issued by a loan or a loan agent to obtain a loan, which includes: Credit type, amount, expiry date and terms, conditions of loan repayment, amount of interest payment, responsibility of both parties, information on creditors and pledgers.

The most important component of the State Loan for the development of small business is given on the basis of approved programs for the implementation of modern business ethics programs.

Increasing the efficiency of social production is one of the main objectives of the current stage of economic development. There are a variety of ways to solve these problems. In addition to commodity-money relations, new methods of transition to market economy, such as leasing loans, are being widely used.

### **3. Evaluation of economic efficiency of capital investments.**

Economic efficiency of capital assets is one of the indicators of their utilization and the purpose is to spend resources on one or another social-production network.

By investing in various spheres of national economy, the state expects to expand its production capacities, thus increasing its output, improving its quality and increasing its competitiveness.

There are various ways to achieve these goals:

1. capital expenditure on economic basis and optimal placement of regions;
2. Ensuring the enhancement of the quality of construction and production of products and technology, based on the latest achievements of national economy and foreign technologies in enterprises and organizations, increasing productivity, product cost and profitability;
3. acceleration of construction and introduction of new production capacities, provision of construction projects with high-quality technical projects;
4. To benefit from the cost of capital expenditure by reducing the share of construction cost and capital value;
5. Reducing the timeframe of new generated capacities.

Increasing the share of spending on the reconstruction of existing enterprises in the total volume of capital investments is an important indicator of their economic efficiency.

However, restructuring of enterprises requires deep economic substantiation in each particular case. Experiments have shown that as a result of the lack of initial cost estimates in a number of cases, many enterprises are economically inefficient. As a result, they increase costs for rebuilding and equipment and reduces their efficiency.

Economic efficiency indicators for recovery of capital expenditure for enterprise restoration are compared with subsequent economic benchmarks. The restructuring of industrial enterprises suggests increasing the technical level of production, the development of equipment productivity and the growth of production capacities.

Growth of product output as a result of reconstruction results in lower profitability of the enterprise, but does not lead to lower production cost.

Reconstruction should be optimal if the cost benefit for the unit of equity is less than the specified cost-effectiveness factor. In other cases, it is necessary to look for other solutions to increase the production capacities.

The growth of production capacities and, as a consequence, production growth is achieved by reducing the cost of production and increasing the amount of production by reducing the cost of production.

Reducing the cost of the tanks is achieved by rebuilding efficient equipment and introducing advanced technologies.

The Feasibility Study (TES) is being developed to determine the relevance and relevance of the reconstruction and reconstruction of the existing enterprises and facilities to increase cost effectiveness of project solutions. Such a feasibility study should work according to each building included in the plans.

Technical and economic feasibility studies for large enterprises are developed by project organizations.

The feasibility study typically includes:

Peculiarities of the importance of the designated enterprises that ensure the growth of their respective sectors; substantiating the organization's capacities and product varieties; calculation of necessary capital stock; the expected economic effectiveness of capital investments and the main technical and economic indicators of the existing construction.

Justification of cost-effectiveness of capital investments, except for major indicators, calculation of their maturity dates; additional and auxiliary technical and economic indicators will be used for economic evaluation of project solutions. These include 1,000 square meters of production space, the production rate for the constructional cubicles of buildings and structures, and so on.

The proper use of production areas for the design of industrial enterprises and the correct selection of different types of buildings can give significant economic benefits.

#### **4. Lending of capital goods.**

In the course of lending, economic activity should focus on the execution of the loan agreement, the effective use of the borrower's loan, its timely receipt and maintenance, and maintaining close contact with the borrower during the entire life of the loan.

For this purpose, the financial and economic activity of the client, the obligations to supply the product in accordance with the concluded contracts, the execution of the production, the costs of non-productions and losses, the behavioral patterns, the profitability, the dynamics of the availability of the working capital, the status of the inventories and the circulation rate are offered. The Bank regularly checks the borrower's creditworthiness and systematizes it in a special dossier of the borrower.

If the borrower's financial position is deteriorated, the bank has been denied control of the bank, the facts of the report have been determined and the accounting records are terminated in the event of termination of the subsequent lending by the bank and the obligation to provide a loan due to the terms of the loan agreement, has the right to early repayment of funds.

If the borrower fails to pay the debt under a credit agreement, the bank should address the Economic Court to prosecute the bankruptcy case pursuant to the Law of the Republic of Uzbekistan "On Bankruptcy". Banks should regularly review the quality of the loan portfolio in accordance with the current rules. They should classify the risk level of each credit and enter it into one of the following five rankings:

- a) good;
- b) conjuncture;
- v) substandard;
- g) suspicion;
- d) unreliable;

Commercial bank loses mandatory reserve for lump-sum loans. Reservation is carried out in

accordance with the established procedure. The analysis of loans granted to secured entities for possible loss of loans is based on determining the factors influencing the level of bank risk. The size of the reserve depends on the quality of the loan, taking into account the risk group.

With respect to the non-performing borrower, the bank has the following rights derived from the terms of the loan agreement:

- if the borrower does not fulfill the recommendations of the bank within the agreed period of time;
- early repayment of loan proceeds if credit unions have not been repaid at the time of loan repayment, and no creditworthiness is required within the period stipulated in the loan agreement, and incriminating claims against the borrower on the penalties imposed in the bankruptcy law;
- suspend crediting and inform the Tax Inspectorate in case of facts of violation of the accounting records and accounts of the suspect, as well as to provide explanations on the causes of violations in the account and report and to submit to the bank the liquidation proceedings;

For non-defaulted use of the loan, the loan will be fined for the benefit of the debtor in the amount specified in the loan agreement. Capital funds are exposed to a number of financial risks in making long-term lending.

#### **Key words**

Investment, Investment, Financial Investments, Real Investments, Classification of Investments, Direct Investments, Portfolio Investments, Economic Investment in Investment, Investment Projects, Investing Activities.

#### **Control questions**

1. What is the essence and meaning of investment?
2. What is the objective necessity of investment in the market economy?
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## Theme 9: Using Leasing Loans in the Economy.

### 1. Leasing and its types.

### 2. Stages of leasing operations.

#### 1. International leasing modifications.

#### 2. International leasing.

### 1. Leasing and its types.

World practice has shown that leasing is the most effective way to invest in leasing, more precisely, to attract investment into projects. Many years of observations indicate that leasing companies are rarely found in the market economy.

The main difference between leasing and lease is that when the leased equipment is expired, the residual value of the leased item is usually reserved. One of the distinctive features of leasing is that leasing companies lack sufficient funds for leasing operations. As a result, many attracted funds in leasing operations are widely used. Usually, long-term loans of the bank are attracted.

Under the market conditions, the government is pursuing economic policies, not just today's. Leasing serves the development of science and technology. In the next decade, production will pay off today's unpaid taxes, which will create additional opportunities for the development of the economy.

Leasing transactions are understood to mean the transfer of means of production (machinery, equipment, etc.) to legal entities and individuals engaged in entrepreneurial activity on the terms of lease or long-term lease. Unlike the usual rental concept, the leased machinery and equipment, machinery and equipment are ultimately acquired and can be acquired by the leaseholder at the end of the contractual period. Typically, three parties are involved in the lease transactions:

### Participants in leasing

7.-Жадвал

<u>Manufacturer (supplier, distributor)</u>	supplying (or selling) necessary machinery and equipment.
<u>Lender</u>	buying the necessary machinery and equipment from a manufacturing company (or vendor) and delivering them to their customers.
<u>The lessee (lessee)</u>	contractor on a contractual basis of production means.

- In developed countries leasing transactions are carried out by private financial societies, including leasing companies, firms and large banks.
- There are various types of leasing transactions, and in practice, the following two types are more relevant:
  - 1. Operational leasing. In this type of leasing, the lease term of the leased equipment is shorter than their service life. The equipment purchased for lease by the lessee (lessor) and the costs incurred to them, are only partially covered.
  - 2. Financial Leasing. This lease is subject to the agreement signed by the parties, after the expiration of the contract, the lessee may purchase the leased equipment at the end of the contract. In this case, the right to own leased machinery and equipment is directly transferred to the lessee.
- Operational lease includes the following features:
  - Nevertheless, the leasing company renting out the equipment and equipment does not rely solely on "I do not pay for all my expenses alone";
  - Hiring and renting of leased equipment or equipment, as well as natural disasters - compensation for material damage caused by earthquake, fire and flood, mainly due to the

- leasing company;
- Not to limit the lease term to the time of completion of physical equipment and equipment;
- Upon the expiration of the agreed deadline, the leased equipment will be returned to the owner, ie the lessor.
- Operational lease includes:
  - Renting. The property implies a short-term lease from one to one year.
  - Welcome. At the same time, the property will be rented for a term of up to three years. Usually, this term is considered to be medium term.
- The above attempts require that a single type of equipment be multiplied more than one tenant.
- It is important that the tenant rents the equipment rented after the end of the agreed upon lease. The fact that the leased vehicles and equipment, as well as the economic expiration date (amortization period) set by the enterprise that generates them, will inevitably result in the expected and predetermined profit of the leasing companies.
- Financial leases also include the following types:
  - leasing that covers some types of services;
  - leasing-leasing;
  - "lease" package.

Some services are covered by a lease. Thus leasing company undertakes a number of obligations, such as installation, adjustment and training of leased equipment.

Leasing-leasing. At the same time, a large part of the cost of leased equipment and equipment is borrowed from a third party, ie an investor.

"Package" leasing. Existing production facilities and premises are allocated to the loan and the necessary machinery and equipment are provided to the lessee on a lease basis.

Leasing transactions are based on objective conditions that lead to them, more precisely, from two points of view of the object of ownership: direct and returning to leasing.

Directly rent. At the same time, the leasing company purchases cars and equipment from the enterprises producing them on the basis of its order.

Lease back to yourself. This type of leasing is often called "lyceum-bek". At the same time, the producer company sells some of its own property to the leasing company for cash. At the same time, an agreement is concluded with the leasing company and the property sold between the enterprise. In practice, the equipment will remain in the production process without changing its position. Under the agreement, the leasing company will pay rent for a certain period of time. Under these circumstances, the enterprise has the opportunity to spend on acquired real estate for the purpose of expansion and development of production.

During the term of the contract all means of production leased - machinery and equipment are leased out of the leasing company and the company is recognized as the owner (owner) of the above mentioned equipment.

In respect of the leased property, the lease is subdivided into the following types:

Pure leasing. In this case, the leased property and all other costs incurred in the use of such property shall be borne by the lessor.

Full rental. This leasing company entails all the expenses related to the maintenance of leased cars and equipment in accordance with this type of lease.

If a leasing company acts as a lessor, in such cases leasing transactions are performed in the following order:

- Before the signing of the contract the order of the lessee on demand and needs of the subject is considered. The management of the company, in turn, will get acquainted with the recent financial situation of the organization, which applied with the above order. If the results of the inspection are found to be satisfactory, the company signs a lease agreement with an affiliate.

- The Agreement may be signed between the two parties on the basis of a leasing company (a lessor) and a lessee (a lessee) or a tripartite agreement. At the same time, a third

party contractor will be involved in the production of the necessary machinery and equipment.

In the event of a lease agreement signed on a bilateral basis, the leasing company, upon agreement with the other party, agrees with its order, sends a reference to the enterprise producing high quality machinery and equipment, machinery and equipment, and negotiates the lease terms of the leased equipment and so forth. The lessee, on the other hand, sends a letter of commitment to the company confirming the lease of the necessary equipment. Typically, this letter will be attached to the order form for obtaining the required equipment.

## 2. Leasing Transactions Lines.

The concept of leasing transaction is, in essence, the leasing company's own purchase of certain machinery and equipment, machinery and equipment, and subsequently leases to leasing subject on a contractual basis. The leasing operation will be completed in three stages:

*Table 8*

### Leasing Operation Lines

Stages	Purpose of the work to be done
Stage 1	In the initial stage of leasing operations, the leasing company conducts general preparatory work. Until that, the leasing company legally regulates all the documents, namely, deep understanding of all the features and contracts of the leasing project. At the same time, leasing recipients' requests are reviewed and analyzed as a result of the timely repayment of borrowed funds, and the costs associated with the acquisition of technology and technology are estimated at their expediency and their future benefits. At the same time, a business plan is drawn up and the information contained therein is analyzed in the TOA.
Stage 2	At this stage, all of the above documents will be documented, which will be governed by applicable laws and regulations. This is mainly related to the guarantee of leasing mortgages, the signing of an agreement on pledge of property, as well as the signing of the general contract on leasing and leasing and the delivery of leasing facilities; signing of the contract, financing of projects developed for the leasing operations, financed by own means or borrowed funds, introduction of the presented equipment and technologies in the production of equipment, as well as the provision of technical services to the leasing objects and their insurance.
Stage 3	This stage includes leasing fees, monitoring, ie use of leasing facilities and control of timely leasing transactions, return of the object of leasing to the lessor, transfer of the leasing to the lessee, and repayment of the debt by the leasing company and so on.

One of the most important aspects for a leasing company in any leasing transaction is the economic business process with customers. The leasing company provides all the stages of leasing operations, ie from the date of collection of the order for equipment purchase, timely payment of rent, misuse of leasing objects, and maintenance and control of the period until the termination of the leasing agreement, as well as serious should be treated.

## 3. International leasing modifications.

International leasing is a separate type of lease, with at least one of the parties (or different countries) belonging to another country, or one of the parties has a joint venture with a foreign firm. International leasing has the following modifications: direct export and import,

transit (indirect), incorrect design.

In the case of international leasing all transactions on the transaction are carried out between commercial organizations of different countries.

Transit (indirect) leasing lends a loan from another country or purchases the necessary equipment and transfers them to a third party in a leased country.

In the case of a bad lease, a leasing firm or a consumer is a single country, but the leasing firm stays in another country.

International leasing business started to grow late in domestic leasing. The impact of the leasing operations on international leasing has been influenced by the following factors: lending conditions in many countries, interest rates on banks, local financial crises, instability in some countries, and others.

The difficulties in implementing international leasing transactions are as follows, not only by the government of the partner country, but also by the rules of currency, customs and others regulation. The Ottawa Convention on International Leasing was drafted in May 1988 by experts from various countries and international organizations to promote and expand access to international finance leasing.

Large international leasing companies can be distinguished from EbikLiz and the European Leasing Association of Leasing Associations (LIZYUROP) separately. "Ebikliz" combines leasing companies from the Netherlands, Italy, Germany, Austria, Great Britain, Belgium and France. This organization, in most cases, acts as an intermediary in implementing international leasing transactions. Lizyurop was founded in 1979 and now incorporates 700 leasing companies from 17 countries. It includes leasing companies from Austria, Belgium, Bulgaria, Switzerland, Germany, Denmark, Spain, France, Great Britain, Italy, Ireland, Luxemburg, Norway, the Netherlands, Portugal, Sweden, Finland.

The main tasks of international leasing companies are:

- a) Studying and comparing legislation in the Member States;
- b) solving all legal, tax, financial issues;
- c) collection of statistical information on conditions of leasing transactions;
- g) Studying the issues related to the establishment of leasing companies.

In the late 1980's, leasing companies in 60 countries had their own operations in 150 countries. Total amount of contracts for 16 national leasing companies included in the International Association of Lizyyourops was US \$ 36 billion in 1986. The annual volume of export leasing operations between the 1980s amounted to \$ 15-20 billion, including USD 8-10 billion in the US, in Japan - \$ 3-4 billion, in the UK - 0.5-1.5 billion dfl If investment is accounted for the lease of new equipment, the share of developed countries is 75% (AH-50%, Japan -14%, Germany-4.6%, Great Britain-3.8%).

#### **4. International leasing.**

Leasing operations in the USA. At present, half of the world trade turnover, which is leased, equals to the US share. One of the most important leasing development trends in the US was the tax concessions on investment. It was deducted from the sum of up to 10 percent of the total investment sum. For example, the cost of acquiring equipment is \$ 100,000, tax exemption is 10%, and \$ 10,000 will be deducted. In the leasing agreement, tax concessions are applied only if the Internal Revenue Administration of the Ministry of Finance complies with the Rules for the Lease. For one of these rules, the lease duration is less than 30 years.

Leasing operations in the UK. In the United Kingdom, leasing has been relatively late, since 1970, and then developed extensively. From 1981 to 1986, corporation tax rates declined from 52% to 35%. The 100% tax exemption granted by this date has been replaced with a 25% concession. Reduction of corporation tax rates also reduced the tax burden on leasing. This leads to a decrease in the cost of leasing and purchasing equipment. Today, some of the tax benefits

remain. For example, rental fees for the first year will not be taxed.

Leasing operations in France. In France in 1967, the first leasing company called "Lokafran" emerged. Currently, a wide range of goods, aircraft and helicopters, computing machinery, medical equipment, industrial equipment etc. are being used by leasing.

Here are some of the key features of leasing operations in France:

1. residual value of an object of leasing is from 1% to 7% of the starting value of the leasing object;

2. Rental rentals are held once a month, 3 months, 6 months and annually;

3. Leasehold property is widely developed.

Such leases usually take 15-20 years. The largest corporation in the industry is SIKOMI, which is a shareholder company. Nowadays it has more than 10 million francs fund.

Leasing operations in Germany. Today, many leasing companies are in Germany. Of these, 57 are part of the German leasing business. One of the largest leasing companies can be separated from each other. These are Mitfinants Gimbx and Gefa Leasing Gimbx. "Mitfinants Gimbx" was founded in 1962. The charter capsule of this leasing company, which was first organized in Germany, was the German brand of 1 million. At present he has six self-help companies. Gefa Leasing Gimbx was founded in 1968. During his lifetime, he has invested \$ 3 billion in customer service. German brand rented equipment.

Leasing operations in Austria. It has been 25 years since the beginning of leasing in Austria. The average lease period in Austria is between two and fifteen years, depending on the lease term. Upon expiration of the contract, the tenant may enter into a new leasing agreement for the remainder of the item and start negotiations on the purchase of the leasing object. In Austria, the lease term can not be extended. There are even nurseries and schools for leasing. According to the new taxation law of 1984, Austrian tax exemptions are applied to leasing. However, the term of the leasing agreement should not exceed 40-90% of the total duration of the equipment. In Austria, Rayfanzen Leasing can be considered as one of the leading leasing companies.

Leasing operations in Italy. The first leasing company in Italy was founded in 1963. At present, the Italian Leasing Association includes 50 companies. Tax incentives for leasing apply to public organizations and certain sectors of the economy. Large leasing companies can be distinguished from "Lokafit" separately. "Locate" delivers land-based machinery, agricultural machinery, office equipment, computers, non-residential property, vehicles (aircraft, ships, cars, etc.). Locate also has joint ventures in Germany, France, USA, Spain and China. However, he / she carries out leasing operations with Yugoslavia and Hungary.

Leasing operations in Japan. Japan is a leased country with leasing operations. One of the largest leasing companies in Japan, the Century Leasing System, was established in 1969. Its chartered capital is 584,500,000 yen. This company owns its affiliates in Hong Kong, Singapore, and the UK. One commercial bank is a single trade and two insurance companies are the shareholders of the Century Leasing System.

Leasing operations in Sweden. Leasing operations in Sweden are in the early 60's. At that time leasing companies were used by small and medium companies. The point is that there was a special banking law at that time, and every bank would demand that it be pledged as collateral for most Cypriot borrowers. Leasing has simplified this situation because it is the owner of the creditor equipment. Initially, contracts for re-purchasing were concluded, which would require contractors to repurchase the equipment in case of failure by the supplier or customer to lease. Currently, such re-purchase contracts are rarely used in leasing operations in Sweden. The maximum rental period is 3-5 years. In rare instances, this period can be extended up to 9 years.

Legal basis of leasing in Spain. Spain currently has more than 117 leasing companies. Of these, 20 are independent and the rest are companies under the bank. The rental period is 3-5 years. Leasing operations are reflected in the following legal acts:

1. Decree on the content of leasing received in 1977;

2. Decree on Leasing Operations for Real Estate in 1980;

3. Law on participation of banking institutions in 1988.

Leasing agreements, such as any entrepreneurial activity, must also have a solid legal basis. Until recently, in most developed countries, machinery and equipment leases were governed by common rules, and there was no technological clarification on the relationship between the parties. Lately, civil rights in a number of foreign countries have been clarified in terms of leasing and its types have been clarified, and some of them have been enacted as legal documents.

Under the level of legal security of leasing relations, countries are classified into three groups:

1. Group of countries with special laws governing leasing agreements (Continental / European countries: France, Belgium, Italy).

2. Countries that have special jurisdictions ("Common law" countries: England, Australia, New Zealand).

3. There are no countries where there are specific jurisdictions in practice: (ACD, Germany). The characteristic feature of the existing legislation in the first group of countries is that leasing relations are governed not only between the principal partners (the lessee and the lessor), but also between the leasing company and the Supplier (vehicle maintenance service, property company) during the leasing operations.

Under the first law, the following situations must be specified in leasing agreements (trilateral): most equipment should be leased and used only for professional purposes. It also shows the terms of purchase and pricing, so it can take it back after the contract expires. At the same time, risks and responsibilities are addressed through common rules on civil and commercial rights.

Under the legislation of the second group of countries, leasing agreements are governed by the value of the item being temporarily used and subject to the leasing agreements.

Absence of special legislation in third group countries. For example, in the USA. Until recently, the main means of determining the leasing relationship in these countries were tax and depreciation deductions. They are set out in the statutory documents on taxation matters. In these countries, common civil and commercial rights are widely used in leasing agreements.

Leasing development in Uzbekistan. In 1995, the International Finance Corporation funded the first leasing company in Uzbekistan. "Uzbeklizing interneshnl" joint-stock company with the participation of IFC. The IFC actively participated in the adoption of regulatory legal acts regulating the market of leasing operations of the republic. Currently, the leasing operations market is regulated by the Civil Code (1996) and the Law on Leasing. In the winter of 2002, at the session of the Oliy Majlis 38 amendments were made to the leasing legislation. One of the most important remedies was the possibility of attracting leasing companies to fund leasing operations.

In addition, Uzbekistan ratified the UNIDRU Convention on International Leasing in 2001.

Leasing operations in Uzbekistan are mainly carried out by six leasing companies.

Authorized capital of "Uzbeklizing interneshnl" is \$ 6 million. US dollars. It specializes in the leasing of equipment worth \$ 50,000 to \$ 1.7 million. By the end of 2002, the company implemented 40 projects totaling \$ 9.4 million. All these projects are worth \$ 500 million and \$ 500 million. From the first project, the company receives about 15% of the total, and 25% of all projects. UzbekLeasing International is calculating interests on the principal amount (other leasing companies count interest rates). The duration of the projects ranges from one to five years. Guarantee coverage is 50%. The minimum duration of the funding is two weeks. "Uzbeklizing interneshnl" is the only leasing company in Uzbekistan with its own currency resources.

The Asia-Europe Trac company was founded in 1996. Its charter capital is 50,000 dollars.

It imports equipment to the country, and invests funds into small and medium-sized enterprises. The company has a turnover of 3.6 mill. implemented 10 projects. Structure of the founders of the company Over the last 1.5 years, new projects have not been funded due to a change.

Universal leasing company "Baraka" was established in 1996 and has been authorized to raise authorized capital to 1 billion soums in 2003. It mainly deals with internal leasing of equipment with cost from 100 to 60000 dollars. The company has 9.1 mill. has implemented 97 projects. He has provided leasing of 15 small milk plants in Israel. The total cost of the project is 206 thousand dollars. Baraka company estimates 34-35% per year on SO projects.

UzKEYSagrolizing was founded in 1997. Charter fund - \$ 5 million. The company leases agricultural machinery manufactured by American company KEYS. To date, 37 projects totaling \$ 7.2 million have been implemented.

Uzselkhoz mashlizing, one of the leading companies in leasing operations, was founded in 1999. The authorized fund - \$ 1.5 million. 4420 projects totaling \$ 152.9 mill. Have been implemented. Leading positions of the company are based on the leasing of local agricultural machinery with a 15% interest rate for 7 years.

The equity capital of Uzavializing, established in 1997, is \$ 24.5 million. It's my job. To date, the company has implemented one transaction worth \$ 15 million. At the same time, DAJ's TAPOiCh is in the process of jointly leasing the manufacturing fleet with Russian and Chinese airlines.

Five leasing companies operating in Uzbekistan are leasing services to small and medium-sized businesses.

Besides, 11 commercial banks of the country will demonstrate leasing services. The number of leasing projects unexpectedly hit Tadbirkorbank (103 projects totaling \$ 220,000). agricultural leasing is rapidly developing.

Prior to issuing a presidential decree in August 2002, it was more than a loan to lease out loans to banks. Because now the leaseholds are exempt from VAT. Besides, technological equipment imported for leasing is exempted from QQS and customs clearance. Leasing recipients do not use property tax on leasing objects.

### **Key words**

Investment, Investment, Financial Investments, Real Investments, Classification of Investments, Direct Investments, Portfolio Investments, Economic Investment in Investment, Investment Projects, Investing Activities.

### **Control questions**

1. What is the essence and meaning of investment?
2. What is the objective necessity of investment in the market economy?
3. How do investments differ from capital investments?
4. What do you mean by the classification of investments?
5. The concept of an investment process?
6. Explain the Purpose of Investment Policy in Uzbekistan?
7. Explain the meaning of investment activity?
8. Invest in investments?

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## Test bank

How do you assess regional investment?

- A) Interstate.
- B) inter-territorial.
- C) Internal and external.
- G) inside.
- D) Dash.

How can the investment come from the property form?

- A) Local.
- B) Private, state, joint and foreign.
- C) Country.
- G) Capacity of the region.
- D) Not a single one.

What is the degree of investing in investment?

- A) Medium and small.
- B) middle and bottom.
- C) Long and Middle.
- G) Top and Low.
- D) Monthly and Yearly.

Principles of lending in investment activity.

- A) Getting up.
- B) repetition.
- C) delay.
- G) Return interest
- D) return benefit.

Credit forms.

- A) Bank loan.
- B) Property loan.
- C) Long and short term.
- G) Loans of the population.
- D) Business lending.

Types of loans for investment activity financing.

- A) Long term.
- B) Short term.
- C) Mid term.
- G) Bank loan is state and international.
- D) other liabilities.

How does investment differ from the type of participation?

- A) Tigri.
- B) Egri.
- C) Horn and curve.
- G) Profit.
- D) Direct and Portfolio.

How much does it cost to invest in investment?

- A) from 6 months to 2 years.
- B) from 2 to 5 years.
- B) from 4 to 20 years.
- G) up to 1 year
- D) 1 year and more than 1 year

The meaning of investment.

- A) Capital accumulation.
- B) Clothes, sleeves.
- C) Spend money.
- G) Capital expenditure.
- D) Barking.

Investment subjects.

- A) Employees.
- B) farmers.
- C) Physical persons, juridical persons and states that possess property and intellectual property that are involved in investment activity.
- G) Customers.
- D) Contractor.

Participants in the investment process.

- A) Investor.
- B) Creditor.
- C) The owner of the business.
- G) Foreign business.
- D) Government, companies and private individuals.

Investment.

- A) To increase the value of money and to gain positive profits.
- B) Spending and withdrawal.
- C) Equal income.
- G) Reduction of expenses.
- D) Saving money.

Credit objects.

- A) Enterprises.
- B) Organizations.
- V) Workshops.
- D) Purchase of fixed assets.
- D) Cultural and household objects.

What is the difference between investment and capital investments?

Written.

Who carries out credit supervision at the bank?

- A) Managing.

- B) Chief Accountant.
- V) Cashier.
- G) Police officer.
- D) Credit inspector.

Investment Institutions.

- A) Investment Instructors.
- B) Professional participants working in the market.
- C) Departments of the University of Economics.
- G) Hokimiyat.
- D) Leasing companies.

Investment Consultants.

- A) insurance companies.
- B) Leasing companies.
- C) enterprises.
- G) Investment Institutions.
- D) Investment institutions that provide consulting services.

Investment companies.

- A) Significant people.
- B) Ownership of funds.
- V) Bank.
- D) Legal entities carrying out selling and marketing activities.
- D) Foreign companies.

The financial market includes some of them.

- A) Money market.
- B) The stock market.
- V) Credit market.
- G) Capital market.
- D) Everything is included.

What do you mean by the investment climate?

- A) Weather in the region.
- B) Currency exchange.
- C) entering foreign investors.
- G) All issues and issues considered by the Investor.
- D) Location of States.

How many factors do the investment climate have?

- A) Political, Economic and Social.
- B) Foreign.
- V) Local.
- G) Country.
- D) Enterprise.

How many investment criteria does the BERI index score?

- A) 10 points.
- B) 12 pcs.
- V) 15 pounds

- G) 7 pcs.
- D) 18.

Portfolio Investments.

- A) on the amount of money
- B) Capital expenditure.
- B) Acquisition of shares, bonds for capital gain.
- G) Bank loans.
- D) Leak syndrome.

What is the direct investment portfolio?

- A) Transcontinental equipments and transnational tunnels.
- B) Money
- C) Financial investments.
- G) Real Investment.
- D) Max loans.

Who are the participants of the leasing process?

- A) Enterprises.
- B) Organizations.
- C) Manufacturer.
- G) Licensor.
- D) renter.

Principles of lending in investment activity.

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## GLOSSARY

Investments are understood to mean all kinds of national and intellectual property, which are the result of a profitable return on business entities or to achieve any positive effect.

Real investment (capital investment) is the use of monetary funds for the tangible and intangible assets of the enterprise.

Material investments are related to purchasing elements of this fixed capital and, in most cases, are carried out within the framework of investment projects.

Individual investments represent property and intellectual wealth that is invested in activities that are not prohibited by those entrepreneurs, private firms, concerns and stock companies.

Investment entities are the physical, legal entities and the state with the property and intellectual wealth involved in investment activity.

Investors invest in equity using own funds or attracted funds. Legal entities and individuals, or their associations, government agencies and foreign legal and natural persons may be investors.

Customers are legal entities and natural persons authorized by the investors for the implementation of investment projects.

Contractor - legal and natural persons, who perform work under the contracts concluded by the customers.

Users of capital objects - legal entities and individuals, as well as government agencies, local authorities, foreign states, international organizations, these objects are created for them.

The investment process is a mechanism for bringing money (who are temporarily unavailable) to those who need it (those who need it).

Financial institutions - for example, banks and credit lending associations - usually accept deposits, and then transfer money to credit or invest funds with other money.

Financial markets are a combination of financial resources for dealing with stockbrokers and those who need them.

Participants in the investment process. The main participants of the investment process are government, companies and private individuals, each of them can participate in the investment process on demand side or on the supply side.

Companies. In practice, many large companies carry out an active and complex cash management strategy and are the main buyers of short-term securities.

Individuals. Individuals can invest in the investment process by various means, such as placing money on savings accounts, buying stocks and shares, and receiving insurance policies.

Type of investors. There are two types of investors: they are institutional and individual investors.

Institutional investors are experts and they are entitled to their money management.

Individual investors manage their own funds for their financial interests. The sole investor is

often retired

**Investment.** Investing in specially selected financial instruments for the purpose of increasing the value of money or placing positive profits.

**Creative value of investment.** While these private individuals are the suppliers of money, the state and companies are the purest buyers, and the investment process has yielded considerable results.

**Investment Prize.** For those who want to invest in the investment process, money suppliers must get awards, and money buyers should get the award. The magnitude and shape of the award depend on the diversity of securities.

**Consolidation costs of investment.** In practice, a variety of investment approaches are used. One of them is to plan deeper costs to achieve specific goals.

**Determination of Investment Objectives.** Once the investor has completed the initial conditions and clearly identifies the financial obligations, he must set the exposure levels to explicitly determine the magnitude of the goals, the form and the degree to which the investor wants to achieve the desired level of profitability.

**Evaluation of financial instruments.** Before choosing a financial instrument, it is necessary to evaluate it from the point of view of its purpose. The outcome of the assessment process should be that of a certain weapon of net profitability and price scales.

**Formation of diversification portfolio.** An investment portfolio is a set of financial instruments that can be selected to achieve one or more goals.

**Portfolio Management.** it's not just the creation of optimistic financial instruments, but also a change in the composition of the portfolio in line with the true dynamics of these weapons.

**Investment Institutions** - These securities are the professional participants of the securities market, which maintains their activities with securities.

**Investment Adviser** - is an investment institution that engages in advisory activities.

**Investment company** is a legal entity that is engaged in issuance of securities, investing in securities, performing securities trading on behalf of itself and at own expense.

**Kinds of Anderdytes.** Underlining "under strict liability". Under such circumstances, the underwriter has strict commitment to placing all or part of the entire stock of shares at fixed prices.

**Investment Funds** - is an organization that places funds on behalf of the Fund into securities, bank accounts and deposits with the purpose of collecting and using assets of individuals and legal entities, reducing shareholders' risks.

**Privatization Investment Funds.** Privatization Investment Fund (SFIF) is one type of investment funds. They are organized to engage a large part of the population in the privatization process.

It requires the enterprise and households to agree to lend the total amount of money, regardless of the interest rate, at different grade levels.

The bid indicates how much investment can be invested at any level of interest rates.

Investment demand. The demand for investment by enterprises is not the only one, but demand for loans is one of the key factors in the final demand.

Markets and methods. The current market economy is the accumulation of the financial markets of the top economical agents and the use of these funds to create new capital.

securities. securities are traded on the financial market. securities are issued in accordance with these statutory legal requirements, have a document, provide the proprietor (or holder) with certain proprietary rights and at the same time have a value.

Borrowing Methods. The methods of obtaining a loan are formalized by the buyer and the issuance of the securities issuer indicates the amount of money that is allocated to the holder (s).

Promissory notes. The promissory note is a document that meets the normative requirements, and one party has the right to choose a specific amount of money.

Bonds. Bonds indicate the issuers' (emitter's) and the securities (investor's) relationships, specifying the emitter and the amount of money at the agreed time.

Foundation Certificates. Certification of the Fund is a security issued by the bank and the right holder to receive the specified amount at a pre-contract period.

Property Rights. If a corporation is used to build a firm, it is called a corporation.

Simple Promotions. Ordinary shares give you the right to own a portion of the corporate property and to take part in the management of a corporation while granting the firm a portion of its profits.

Revenue, known as Devidend, is based on the number of shares owned by the shareholders.

Chat methods. There are several types of securities that combine the characteristics of borrowing and ownership rights. They are preferential shares and convertible (exchangeable) bonds.

Preferential Shares. Privileged shares, such as ordinary shares, give the firm the right to own a portion of the enterprise's capital, but the owner does not grant the right to participate in management.

Shared (convertible) Shares. Exchange bonds are a separate type of corporate bond that provides its owners with the right to receive these corporate bonds.

securities generators. agreements, rights and obligations under certain real or financial assets, which are deemed to be the sole trader of securities.

Interest is usually a buy-out transaction with a maturity date.

Forward transactions. Forward transactions are the sale of certain fixed assets at a predetermined price as set forth in the previous agreement and the other party's contractual arrangements.

Insurance companies. The essence of the insurance companies' activities may be explained by the sale of goods.

Pension funds. Pension funds can be considered as special types of investment funds.

Financial Markets. In modern terms, financial markets are defined as the sale of financial assets, in which the clear rules of trade, the market participants' skill and the developed market infrastructure, the lack of flexibility and solidarity exist.

Primary and secondary markets. The primary market includes the emitter of securities (ie the operations on the primary placement of the securities by the private or public institution (s) that issue securities for free sale to investors.

In the emerging markets, typically, major investment companies, brokerage firms, and commercial banks in many countries also act.

Taxation. Except for regulatory regulations, the factor affecting the government's influence on the financial market is taxation.

The investment climate is an object category and reflects a set of circumstances that actually exist for investors within a given time frame.

Banks and Finance. The availability of all financial instruments used in the country for international trade and investment represents the quality of services in this area.

Direct investment is a direct investment of capital, which allows the investor to control the venture.

Portfolio Investment is a kind of investment in which capital is used to buy stocks, bonds and other securities of the enterprise in order to earn income.

Equity securities (equity securities) - a cash circulation certificate, which confirms the ownership of the document by the holder of the document;

Debt securities - a cash transaction in the market, confirming the borrower's interest in the person who issued the document.

Obligation (bond) (ordinary bill of exchange, debt obligation) is a cash-generating one that gives its holder the right to receive fixed or fixed fixed monetary income or fixed-term monetary income;

Money market tools are cash-driven and give its owner the right to receive fixed and fixed fixed-rate cash money in a given period.

Derivatives are financial instruments with a market price, giving them the right to sell or to acquire the primary securities. These include options, futures, bets, swaps.

Note (note debt) - short-term (3-6 months) cashback, issued to the Borrower's name on the basis

of agreement with the bank, pledged and unsettled notes on the market, and secured by reserve credit. Common notes are the Euphrates.

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## Answers to test questions

- 1 v
- 2 b
- 3 g
- 4 b
- 5 v
- 6 g
- 7 d
- 8 d
- 9 b
- 10 v
- 11 d
- 12 a
- 13 g
- 14 written
- 15 d
- 16 b
- 17 d
- 18 g
- 19 d
- 20 g
- 21 a
- 22 v
- 23 v
- 24 a
- 25 v.g.d.
- 26 b
- 27 d
- 28 a
- 29 b
- 30 g