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ACTIVE ATTRACTION OF POPULATION FUNDS IN INVESTMENT PROJECTS

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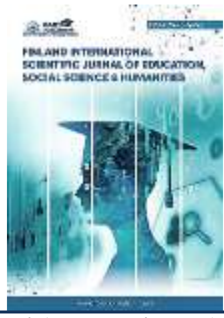

Abstract: In the article, it is envisaged to conduct research on the specific features of the ways of actively attracting public funds, which is a component of private investment as one of the sources of financing investment activities in the republic's economy, and to develop scientific and practical proposals and conclusions in order to achieve the existing problems and their solutions. .

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

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Enter

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

Such an environment certainly affects the investment activity of business structures. Because, in the conditions of the market economy, it will not be possible to improve the production of products, reduce its cost, and attract investment in the development of competitive new product production for the development of these structures. Attracting financial resources for the implementation of the investment process also creates great opportunities. As a prerequisite for providing financial resources, it is also required that its sources are available.

One of these sources of investment is private investment, the advantage of its development is that it is mainly intended for effective investment projects. One of the most important components of this financial source is the use of public funds as an investment in production, as practical investment processes show that it can ensure high economic growth.

While the use of population funds as an investment in production can ensure high economic growth, the opportunities for this are limited in the current conditions created in Uzbekistan. At the same time, there are a number of real opportunities to attract private funds for investment projects of business structures in the republic, which can have a positive effect on economic growth.

Based on this, it is of urgent importance to research the issues of private investment development with the active involvement of public funds in investment projects, and to develop scientific and practical bases in this regard and effectively apply them to practice.

Review of literature on the subject

At the stage of implementation of any investment project, availability of known financial resources is required. The structure of the sources of investment financing mainly depends on the state of the country's economic policy, legislation (mainly tax legislation), investment attraction infrastructure. It should be noted that the processes related to investments and investment activities in the Republic of Uzbekistan are regulated by the Law of the Republic of Uzbekistan "On Investments and Investment Activities" adopted on December 25, 2019, and this is the legal basis of relations, and as defined in the law, "Investment policy - in the economy of the Republic of Uzbekistan and is a set of interrelated measures aimed at ensuring the necessary level and structure of investments in its separate sectors, increasing the investment activity of the subjects of investment activities, aimed at finding investment sources and determining the priority sectors of their use" [1].

At the current stage aimed at deepening market reforms and modernization of the economy, there is a need for enterprises to decide from which sources to finance investment.

Many scientists and economists have expressed their opinions about the financing of investment activity and its sources. In particular, according to the definition of *economist* Neshitoy, "Investment activity is a combination of placement of funds (investment) and implementation of practical actions for the purpose of obtaining income and achieving useful results" [2].

Also, according to L.L. Igonina, he mentions that investment activities can be understood in a narrow sense. According to him: "investment activity or, in other words, private investment activity (investment) manifests itself as a process of transformation of investment resources into flows"[3].

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

At the same time, the approaches of the economist M.Q. Pardaev to our scientific view are also significant in their coherence. According to M.Q.Pardaev, "The interest of the investor is in the profit he receives for his investment, the interest of the entrepreneur is in attracting someone's funds to his activity and getting a lot of profit, and the interest of the state is in receiving taxes from the profit obtained as a result of this process, the interest of the population is in consumption. It is manifested in the filling of the market with products (work, service)"[4].

At the same time, economists give their opinion that the active involvement of some financial sources in investment projects can have negative consequences.

In this regard, according to E. Gaidar, the government of the country that tried to influence the investment process in all areas (that is, by directly investing budget funds) had disastrous results [5]. According to V. Dulich, the desire to take over an area that cannot be completely covered distracts the state from its main task and damages the state's reputation as a participant in the investment process [6].

At this point, the practice of reducing the participation of other private funds due to the large amount of public funds in investment activities, in our opinion, inevitably leads to ineffective investment and undermines investment activity in the economy. Based on this, we are in favor of wide and active involvement and use of its alternative sources in the financing of investment projects.

Research methodology

This article examines the existing scientific works of economists that reflect the involvement of financial resources in investment activities and projects. Comparative analysis of literature, logical and structural analysis, grouping and comparative comparison, economic-statistical analysis and hypothesis substantiation methods were used as research methodology.

On the basis of these studies, conclusions were drawn on the wide and active involvement of public funds in investment projects with financial resources, including private investments, and thus achieving economic efficiency, and relevant scientific and practical proposals were developed. In order to increase the economic efficiency of investment projects, it was justified that the profitability of the projects can be achieved through the correct approach to the use of public funds.

Analysis and results

The advantage of private investment development is that it is mainly intended for effective investment projects. While the use of the population's capital as an investment in production can ensure high economic growth, the opportunities for this are currently limited in the current conditions created in Uzbekistan. At the same time, there are a number of real opportunities to attract private funds for investment projects of business structures in the republic, which can have a positive effect on economic growth. It should be noted that public funds are the main source of investment in the world.

In our republic, the investment of public funds is small compared to other sources. Participation of population funds in investment was 8.9% in 1997, in 2000 it was 12.0% of the total investment volume and in 2004 it was 12.4%. In 2019, this indicator was 9.8%, and if we focus on 2020, 8.9% of the total fixed capital investments were absorbed from the population's funds. We can see that participation in general investment activity with public funds has not increased at all over the past years, but has decreased over the years.

On the contrary, the experience of leading countries, especially in the USA, is distinguished by the high use of public funds in investments [7]. In the US, it makes up 70% of total financial assets. Their share is 5 times more than the share of state funds and commercial banks

in Japan h am population in investment very big financial assets is the owner . In them too this funds A in QSh like complete to investment will be directed .

Current at the time , in Uzbekistan of the population not invested funds increased to go is being observed . This is credit- finance institutions market requirements special respectively activity show that they don't get it is the result . In the end , it is funds from the bank and head _ finance in institutions attraction if not , they are immovable property and precious to currencies is spinning . Keynes meaning with in other words " investors" . funds to spend population if they wish while more fund collect with busy if they are , it is without fund collectors to failure " [8]. Or, as M.Q. Pardaev pointed out, "it is not necessary to keep the surplus money even if it is in the population or in the enterprise. It should be invested . loses"[4].

Therefore, banks and other financial institutions should create broad conditions for the use of public funds in investment (for example, turning public savings into bank loans and financing investments on this account, increasing public interest in purchasing securities). Or, as a form of using extra-budgetary funds to finance small enterprises, attracting private investors to these funds by issuing profitable bonds can be one of the possible measures in this regard, as well as the opening of special structures with the right to attract private funds under these funds. would be appropriate. The state, along with supporting the creation of such conditions, can help financial institutions working with public funds by providing a number of tax benefits and state guarantees.

The system of state commercial guarantee (this practice is mainly used in foreign investment) is a special lever of private investment promotion. In our opinion, state support for guaranteeing direct financing of an investment project is in the interests of both the state and the private sector. In this case, the following main tasks will be solved:

- by attracting financial resources to investment projects, the efficiency of using state property will increase significantly;

- the use of investment as a result of the state guarantee of providing financial resources, financially revitalizes business activity;

- increases the sense of responsibility of entrepreneurs in returning the deposited funds.

In high-risk conditions, the state can increase investment and investors' interest by issuing guarantees, and this can also be an effective way to attract foreign capital. Because foreign investors carefully monitor the political situation in the country. However, the use of a state guarantee in private investment alone does not mean that favorable conditions are created for the investment process. In addition, there will be many limitations on the use of guarantees. First, the government can insure the investor's capital investment against political risk (ie, changes in tax policy, legal regulations, foreign trade policy). Political risks should be distinguished from commercial risks, as they are associated with sudden changes in prices, product demand and prices. These risks are completely independent of the state's influence, and efforts to protect investors can lead to a dire situation, that is, when this situation occurs, the amount of the budget obligation to investors can be so large that there is no realistic possibility of paying the amount specified in the guarantee agreement . and it can turn into ordinary paper. It is known that in practice, commercial risk is the main limiter of investment decisions.

Another measure, that is, the establishment of a real system of insurance of private capital investments, can also give good results in this case. In these processes, the state support created an opportunity to increase the confidence of the population in financial institutions and direct the idle funds for investment. However, the mechanism of state regulation of the activities of credit and financial institutions working with public funds should work firmly, otherwise, negative aspects of their work or their breakdown may cause acute social consequences and lead to distrust in the entire credit and financial system of the country.

Thus, not directing direct state investment, but attracting public funds to the economy, in our opinion, would be highly effective, including providing an impetus for sustainable economic growth. This would allow entrepreneurs to run their production effectively and increase their activity and competitiveness in attracting investment.

Both positive and negative correlations can be established between public and private investments. In a negative relationship, public investment can replace private capital, that is, an increase in public capital expenditure in certain sectors, in turn, leads to a decrease in private capital. On the other hand, its positive relationship can be observed, that is, the growth of public investment leads to the growth of private investment. A negative relationship exists when the state directs its funds to finance projects that are beneficial to private investors (for example, agriculture, industry, and other sectors). A positive correlation occurs when budget funds are directed to projects that are not profitable for private business, that is, to the social sphere (health care, education, housing construction), science development, infrastructure (roads, energy distribution system).

Conclusion and suggestions

1. In our opinion, attracting public funds to the economy, rather than directing direct state investment, would be highly effective, including providing an impetus for sustainable economic growth. This would allow entrepreneurs to run their production effectively and increase their activity and competitiveness in attracting investment.

2. In our republic, the investment of public funds is small compared to other sources. Participation of population funds in investment was 8.9% in 1997 , in 2000 it was 12.0% of the total investment volume and in 2004 it was 12.4%. In 2019, this indicator was 9.8%, and if we focus on 2020, 8.9% of the total fixed capital investments were absorbed from the population's funds. We can see that participation in general investment activity with public funds has not increased at all over the past years, but has decreased over the years.

3. As a form of using off-budget funds to finance small enterprises, attracting private investors to these funds by issuing profitable bonds can be one of the possible measures in this regard, and it is desirable to open special structures under these funds that have the right to attract private funds. would be

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