



IMPROVING THE INVESTMENT ACTIVITIES OF THE AGRO-INDUSTRIAL COMPLEX IN THE REPUBLIC OF UZBEKISTAN

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ABSTRACT

The purpose of the dissertation work is the scientific substantiation of the theoretical provisions of investment activity in the agrarian economy, the development of methodological and practical recommendations for its improvement in agriculture.

KEYWORDS. *investment activities, improving, agro-industrial complex, Uzbekistan.*

1. INTRODUCTION

In Uzbekistan, the investment climate is being formed against the background of structural transformations taking place in its economy in recent years and accompanied by a significant decline in production volumes and a reduction in investment resources of enterprises in most industries.

The investment problem is also becoming a key one for the agrarian economy, not only in the coming years, but also in the future; such a capital-intensive sector as the agro-industrial sector cannot successfully function and develop intensively in the absence of a significant scale of capital accumulation.

Currently, there are a number of unresolved problems in the agriculture of the Republic of Uzbekistan, among which the main ones are: a high degree of depreciation of fixed assets, low investment activity of agricultural producers, and a reduction in investment resources of enterprises.

To solve these problems, sustainable development of agro-industrial production and increase the investment activity of its producers, it is necessary to create new and improve existing mechanisms for the development of investment activities in the region.

Thus, the development of proposals for improving the investment activities of agricultural organizations of the Republic of Uzbekistan, which can increase the investment activity and attractiveness of the industry, ensure the economic security of agricultural producers, is an extremely important task, which served as the basis for choosing the topic of this study.

2. LITERATURE REVIEW

The degree of knowledge of the problem. The problems of investment activity attract the attention of scientists from all over the world. A significant contribution to the study of various aspects of the problems of investment development was made by J. M. Keynes, V. Leontiev, W. Sharp, J. Schumpeter.

The problems of investment activity in agriculture are given sufficient attention in the works of leading domestic agricultural economists, including: Umarov, S., Akhter, F., Afanasieva, O., Volska, O., Khasanov, B., Yemtsev, V., & Matveeva, V., Durmanov, A., Kalinin, N., Stoyka, A., Yanishevskaya, K., & Shapovalova, I., Tkachenko, S., Berezovskaya, L., Protas, O., Parashchenko, L., Tillaev, A. X., Ismayilova, S. S., Djamalova, X. S., & Murodov, S. M., Nechyporuk, L., Slatvitskaya, I., Khasanov, B., Rakhimova, K., Khodjimukhamedova, S., Akhmedov, A., Aleksanov D.S., Altukhov A.I., Bepakhotny G.V., Borkhunov N., Buzdalov I.N., Gataulin A.M., Gudashev V.A., Kibirov A.Ya., Kondratiev N.D., Krylatykh E.N., Lemeshev M.Ya., Lukashov N.I., Mazloev V.Z., Minnikhanov R.N., Serova E.V., Ushachev I.G., Uzun V.Ya., Khitskov I.F., Khlystun V.N. and etc.

The listed researchers solve macroeconomic problems related to the formation of an economic mechanism for the development of agriculture, the development of priority areas of agro-food policy, and the



solution of issues of state regulation of the agro-industrial complex. The key aspects of stimulating capital investment in certain sectors of agro-industrial production, improving the organizational and economic foundations for investing in the industry, and forming investment policy in agriculture at the regional level are also considered.

The attention of researchers to a lesser extent is paid to the problem of investment development based on identifying priority areas for investment, investment models, effective guarantee instruments and mechanisms that regulate the relationship of agribusiness enterprises with credit and leasing organizations. All this predetermined the purpose and objectives of the study.

3. MATERIALS AND METHOD

The subject of the study is the economic relations of economic entities that arise in the process of investing in fixed assets in the field of agricultural production.

The object of the study are agricultural organizations, dekhkan (farm) enterprises of the Republic of Uzbekistan.

The most significant results presented in the dissertation work and containing elements of scientific novelty are as follows: the author's definition of the economic category "investment in fixed capital" is given, characterized as capital investments of financial or other types of resources in the market economy system, focused on the renewal of fixed capital and ensuring effective expanded reproduction in a competitive environment, carried out in order to make a profit and achieve a social effect; methodological approaches to determining the required volume of investments for the restoration of fixed assets of agricultural organizations in the region, based on the use of standards for the need for equipment, and taking into account its write-off, inflation rate, changes in sown areas, livestock, on the basis of which the calculation of the required amount of equipment and costs for its acquisition Achieving the goal is due to the solution of the following tasks: to clarify the concept of investment in fixed assets, having studied the theoretical essence and main classification characteristics of investments; analyze the current state of fixed assets and investment activities in agricultural organizations; develop methodological approaches to determining the required amount of investment for the restoration of fixed assets of agricultural organizations; justify the volume of required capital investments for the restoration of fixed assets of agricultural organizations; develop methodological recommendations for the creation of the Regional Fund for Investment Management in the Agro-Industrial Complex, which combines the functions of a guarantee agency and an information and consulting center; develop a set of measures to form an effective innovation infrastructure in the agro-industrial complex; to develop methodological approaches to compiling an optimal investment program with varying amounts of financing for agriculture, and to determine the procedure for financing practically implemented projects by the years of their implementation, based on the criterion of maximizing the net present value.

4. RESULTS AND DISCUSSION

The study of the scientific literature revealed the lack of consensus among economists on the definition of the concept of "investment", and the field of knowledge related to investing in fixed capital has not been studied enough at all. Nevertheless, the study of the essence and internal content of investments allowed us to give our own definition of the concept of "investment in fixed capital", which are capital investments of financial or other types of resources in the market economy system, focused on the renewal of fixed capital and ensuring effective expanded reproduction in conditions of a competitive environment, carried out in order to make a profit and achieve a social effect. Such an interpretation, in our opinion, emphasizes the fundamental difference between current costs and investments, taking into account the capital nature of the latter, as well as making a profit and achieving a social effect as a result of their implementation. The proposed classification of types and sources of investment financing is shown in fig. one.

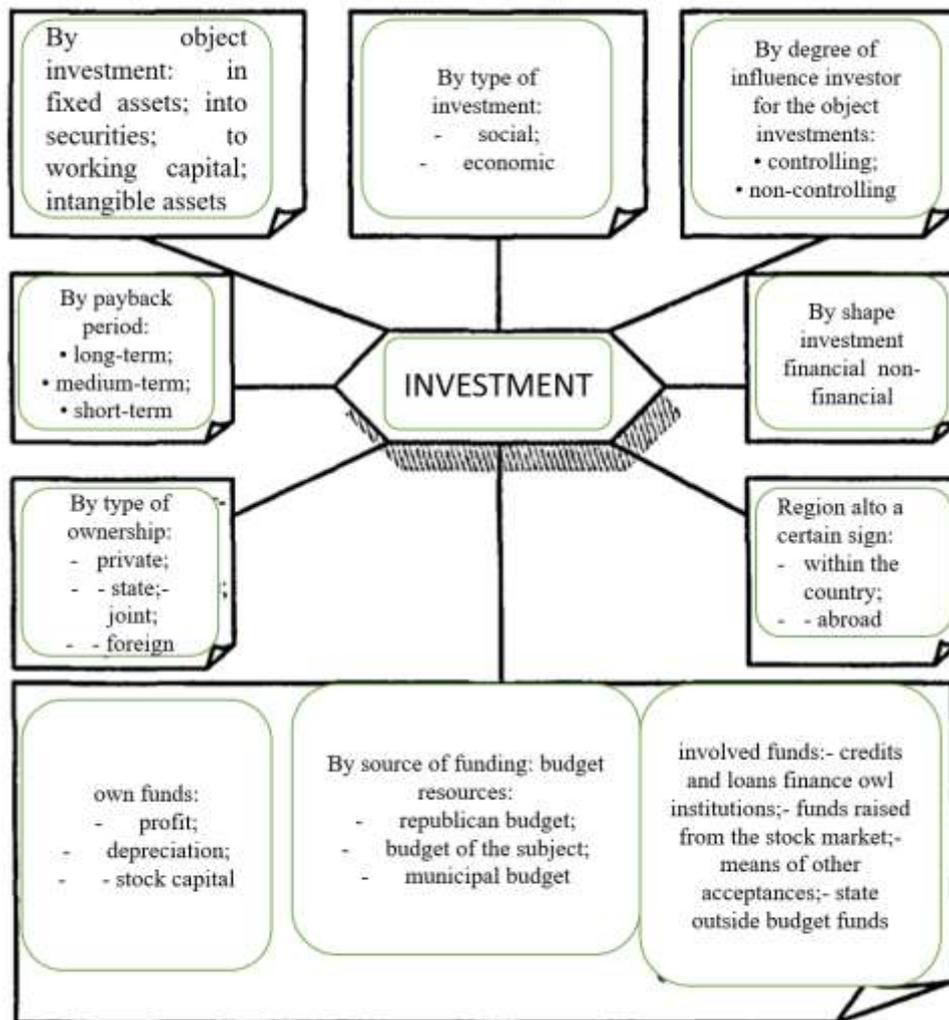


Figure 1. Proposed classification of types and sources of investment financing.

In our opinion, the concept of "real investment" is broader than "capital investment". Real investments are funds directed to both fixed and working capital.

The main sources of attracting financial resources for agricultural enterprises, in our opinion, should be leasing, as a profitable instrument of investment policy, and an investment loan with subsequent subsidization of the interest rate. In our opinion, in order to ensure the availability of credit resources for all participants in the agricultural market, it is necessary to develop rural credit cooperatives as an independent structure that unites district, regional, and federal cooperatives. Another important source of investment financing is funds from the budgets of various levels. Budget financing can be provided in the form of financial support for highly efficient investment projects on a competitive basis, as well as centralized financing (partial or full) federal investment programs, through grants, subsidies.

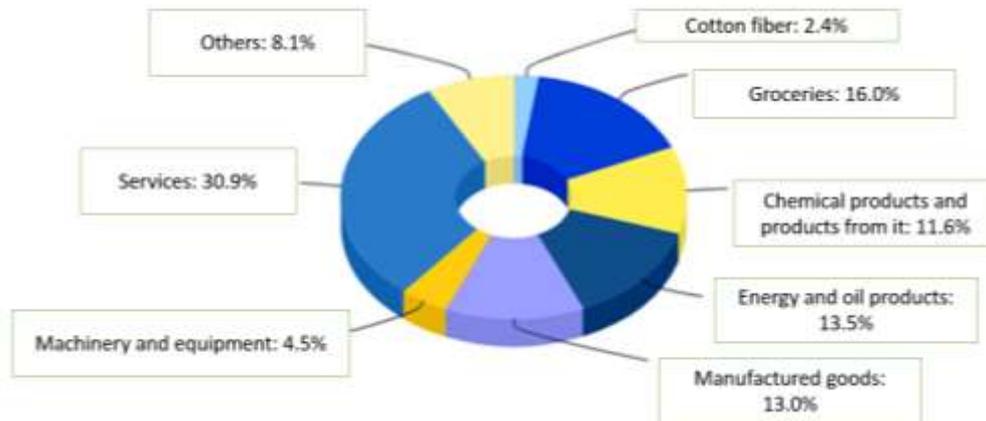
Agriculture objectively needs state regulation and support, which, in our opinion, should first of all be aimed at the radical modernization of the means of production. We believe that the state should provide budgetary support to agriculture, taking into account global practice.

The main goals for each of the participants in the investment process are not mutually exclusive, and one common goal for them is to make a profit. In this regard, agricultural organizations are faced with the task of developing options for investment projects, evaluating their effectiveness and choosing the most optimal of them.

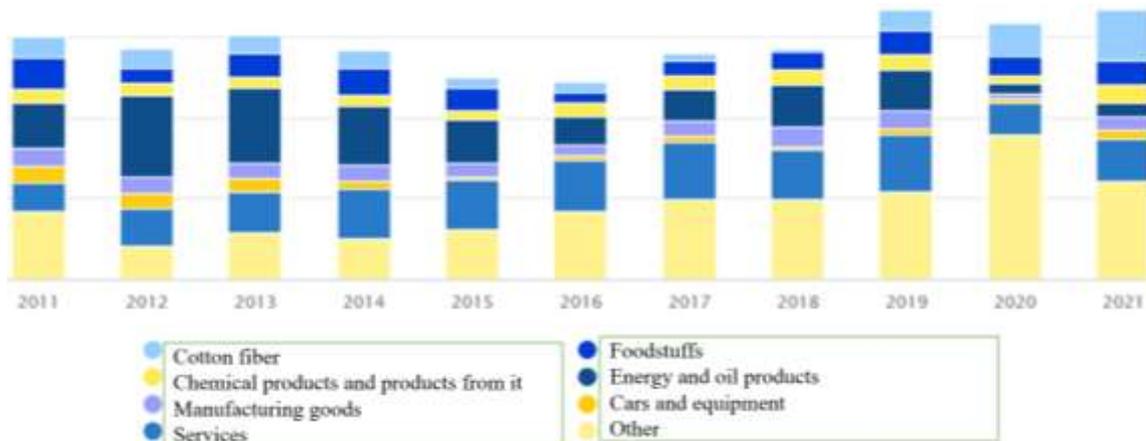
Methods for determining the absolute and comparative efficiency of capital investments, which were in force in our country during the time of the planned economy, are now largely outdated and, in many respects, cannot be used for the economic justification of investments. The main drawback of these methods for modern conditions is that the indicators of standard coefficients of capital investment efficiency are significantly

underestimated. In a market economy, their value should change depending on changes in the level of inflation and should not be lower than the interest rate on capital. In this regard, we consider it necessary to use in the calculations the system for evaluating the effectiveness of real investments, accepted in world practice and based on a number of interrelated indicators, such as: net present value (income), profitability index, investment payback period, internal rate of return.

One of the most significant problems limiting the growth of agricultural production and directly affecting its competitiveness is the state of its fixed assets, including agricultural machinery.



Picture 2. Export statistics for January-May 2020

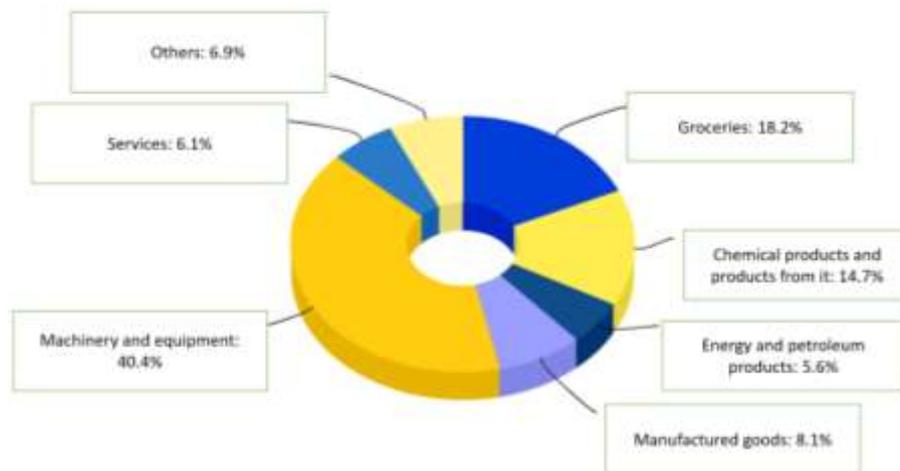


Picture 3. Export dynamics 2020 (Million USD)

In January-May 2020, the republic's foreign trade turnover amounted to \$12.9 billion and increased by 7% compared to the same indicator last year.

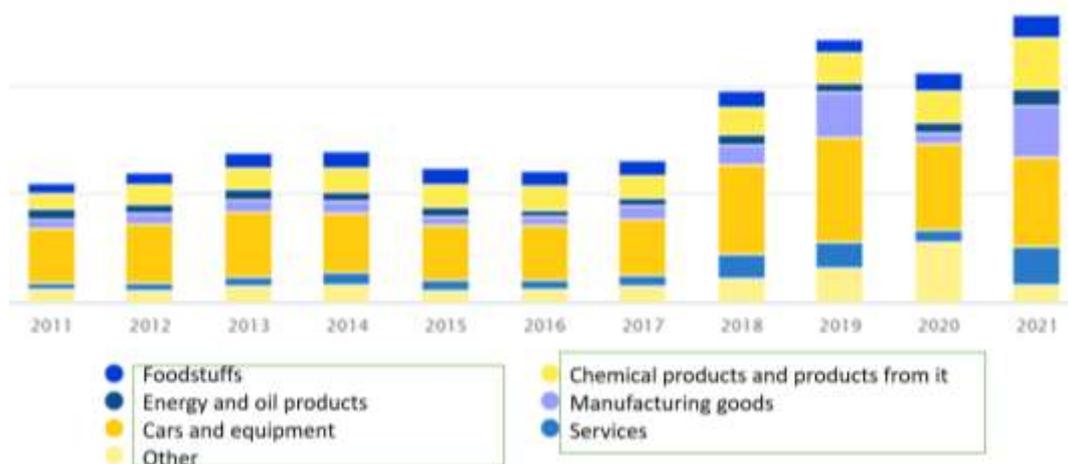
In the reporting period, the volume of exports amounted to 5.1 billion dollars, which is less by 951.3 million dollars or 18% compared to last year.

The negative balance of foreign trade turnover amounted to 600 million dollars.



Picture 4. Import statistics for January-December 2020

In January-May 2020, the republic's foreign trade turnover amounted to \$12.9 billion and increased by 7% compared to the same indicator last year. In the reporting period, the volume of exports amounted to 5.1 billion dollars, which is less by 951.3 million dollars or 18% compared to last year. The negative balance of foreign trade turnover amounted to 600 million dollars.



Picture 5. Import statistics for January-December 2020 (Million USD)

In January-June 2020, the foreign trade turnover of the republic amounted to \$12.9 billion and showed a decrease of 16% compared to the same period in 2019.

Investors will be interested in risky investment in the agro-industrial complex only on condition of competent development and reliable examination of investment projects, their conditions and parameters, consistent with the preparation of recommendations for obtaining targeted loans for the purchase of the necessary equipment, conditions and payment schemes that take into account the real terms of delivery of equipment, its installation, commissioning and bringing to design capacity. In this regard, the advisory and expert functions provided by our proposed Regional Investment Management Fund in the agro-industrial complex are of particular relevance.

CONCLUSION

The study made it possible to formulate the following conclusions and proposals: the study of the essence of investments gave us the opportunity to formulate the main characteristics of the investment process and investment activity, which are based on the one-time nature of investments, as well as income and social effect as a result of their implementation. On this basis, its own definition of the concept of "investment in fixed capital" is given, which are capital investments of financial or other types of resources in the market economy system, focused on the renewal of fixed capital and ensuring effective expanded reproduction in a competitive



environment, carried out in order to obtain profit and achievement of social effect; the concept of "real investment" is broader than "capital investment". Real investments are funds directed to both fixed and working capital. Investment activities on the territory of the Republic of Uzbekistan can be financed at the expense of own, budgetary, borrowed funds; The state is obliged to provide a scientifically based regulatory impact on the investment process by pursuing a flexible price, credit, tax and depreciation policy, stimulating entrepreneurial activity and providing various benefits to investors. The most promising direction for expanding the legal and methodological regulation of investment activity in the agro-industrial complex is its regionalization, that is, the adaptation of the foundations developed at the federal level for stimulating investment activity to the conditions of specific regions, which will allow taking into account the natural and climatic factors of the territories, the level of development of the agro-industrial complex in them and the main directions of his specialization; the methods for determining the absolute and comparative efficiency of capital investments, which were in force in our country during the existence of a planned economy, are now largely outdated. In this regard, we considered a system for evaluating the effectiveness of real investments based on a number of interrelated indicators, adopted in world practice.

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