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Theoretical Foundations of Investments: Place in The Economy, Social Role

Kuldashev Farid G'ulom o'g'li.

Student of Tashkent Institute of Finance

E-mail: kuldashevfarid25@gmail.com. Uzbekistan, Tashkent city.

Professor Radjabov Sherzod Umurzakovich. Uzbekistan, Tashkent city.

Research advisor: Doctor of economic sciences,

Annotation. This article discusses the concept of investment in economic theory and its theoretical foundations. In the Western literature, the first attention is paid to the stock markets and stock exchanges, because in the leading developed countries, investments are mainly made in the form of securities. It is quite difficult to give a single and complete tariff to the concept of investment. Below are several definitions of the term "Investment" based on existing literature. Opinions were also expressed about the content of investments in economic sciences and various aspects of practical activity, as well as their specific characteristics.

Keywords: investment, economic activity, capital, intangible investment, investment activity, subjects of investment activity, capital investment, financial investment, real investment.

1. Introduction.

In today's process of economic globalization, investment activity is an important element in the economy of every country. Therefore, this activity serves to expand and develop the level of industrial production in the country, as well as the stable and progressive growth of the economy. Therefore, each country that supports investment activities develops a road map that expresses its specific goals in this regard.

In the Law of the Republic of Uzbekistan "On Investments and Investment Activities" dated December 25, 2019, the concept of "investments" is explained as follows: investments - risks taken by the investor to objects of the social sphere, entrepreneurship, scientific and other types of activities for the purpose of profit. tangible and intangible assets and rights to them, including rights to intellectual property objects, as well as reinvestments.

Various plans and programs have been developed in our country to attract investments to various fields, expand their flow, and stimulate investment activity. Here, it is worth noting the Decree of the President of the Republic of Uzbekistan dated January 28, 2022 "On the development strategy of the new Uzbekistan for 2022-2026" No. PF-60. This decree contains specific plans to increase the investment attractiveness of our country and improve the business environment. Among these, it is special to organize the "Tashkent International Investment Forum" every year, which aims to show the investment potential of Uzbekistan to local and foreign investors and establish mutual dialogue with local and foreign investors. has recognition. These actions aimed at the development of investment activity require a full understanding and clarification of its essence



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and significance. The concept of investment activity is based on concepts such as investment and investor, and in order to have a complete idea of this, it is appropriate to talk about these concepts first. The term "investment" is derived from the Latin word "invest", which means "put". In general, investment refers to funds, securities, tangible and intangible assets, including rights to property, that are involved in business or other activities for the purpose of obtaining profit or achieving another beneficial goal.

Thus, "Investment" can be understood as all types of property, financial and intellectual assets that are invested by investors or the state in various sectors of the economy in order to obtain effective results in the future or to achieve social benefits. All these assets are considered important in the formation of investments and have an impact on their general condition. The formation of wealth shows the effect of the economic reforms carried out in the country and serves to further improve their results.

It should be noted that in recent years, a wide range of measures have been implemented to fundamentally improve the business and investment environment in the Republic of Uzbekistan, to introduce a system of criteria generally recognized in the world practice for assessing the conditions of doing business, and to ensure entrepreneurial activity, on this basis, to further increase the country's international rating. Procedures for state registration of business entities, granting of loans, consideration of economic disputes, termination of business have been significantly simplified and their costs have been reduced. Active work is being carried out on the wide implementation of the "one-stop shop" principle in property registration, allocation of land plots, issuance of construction permits, and connection to electricity networks.

2. Literature review.

Economists have also expressed their opinions about the production profit of economic entities, about profit in general. Let's talk about them, Adam Smith. A great economist of his time. According to him, in order to increase the profitability of enterprises, it is necessary to distribute tasks to each worker. In other words, according to Adam Smith, "If several people are responsible for a task and each of them leads a certain area, the efficiency of a particular task will increase, the profit will be greater, that is, the profitability will be higher [1]". Smith's opinion is that this concept is easily observed in a factory or an enterprise, and if this model works properly, it will be effective for the economy of the country and the enterprise. This term is called "Social division of labor" in scientific language. This opinion is certainly positive, but if the principle is used in the enterprise, as Smith said, the skills and knowledge potential of workers will decrease sharply. In other words, workers are automatically focused on one job.

According to D.Q. Zhou, "Income should be higher than expenses. If the opposite happens, there will be no growth in the enterprise and it will quickly fall into a crisis situation" [2]. We can accept this idea as true, in fact, growth and profitability are observed in enterprises where income exceeds costs.

Profit is the remaining part of the company's monetary income after expenses have been deducted. Funds received from the sale of services and goods in enterprises are called cash income or cash receipts [3].



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The value of profit is that it reflects the financial result, production efficiency, volume and quality of products, labor productivity, cost level, etc. However, the amount of profit in the enterprise and its dynamics are affected by factors that are dependent and not. Thus, the profit describes the economic effect obtained as a result of the enterprise's activity. But it is impossible to evaluate profit as a single indicator for evaluating all aspects of the company's activity. When analyzing production, indicators of the economic and financial activity system are also used [4].

The profit distribution mechanism should be developed in such a way that it is important to contribute to the increase of production efficiency and to form development. Factors affecting profits: external factors are factors that are independent of the enterprise itself, but affect profits [5].

The concept of investment is defined differently in many foreign literatures. In particular, in some economic literature, investment is considered as capital placed in a specific field with the purpose of obtaining profit, while in others, investment is defined as any assets included in economic activity in order to increase the fixed capital. According to Y. Mitskevich, investment is earning income or is to attract material and financial means, as well as rights to property and intellectual property, as an investment to various objects of activity in order to achieve social efficiency. P. Vakhryn also defines the concept of investment, looking at it as a method of investing capital, thereby emphasizing the preservation of capital or increasing its original value and having a positive amount of income. A. Neshitoy puts forward the following approach to the concept of investment: "Investment is the long-term placement of money (capital) directed to various sectors of one's or another country, entrepreneurial projects, socio-economic programs and innovation projects in order to obtain profit or achieve other results" [6]. A number of Uzbek economists, in particular, A. Vahabov, Sh. Khajibakiyev, N. Muminov, put forward the following opinions on the essence of investment: "Investments are investments in business objects and other types of activities in order to obtain profit or achieve positive social effects". "transferable funds, special deposits of banks, shares, other securities, technologies, machines, equipment, licenses, loans, any other property or property rights, intellectual assets" [7]. Western scientists, including U. Sharp, G. Alexander, J. Bailey, explain the concept of investment as "it is the capital that should be allocated from yourself today to get income in the future" [8]. The concept of investment is also defined in some international multilateral agreements, in particular, according to Article 1 of the Moscow Convention on the Protection of Investors Rights adopted in 1997, investment by these investors financial and material means, as well as rights to property and intellectual property, in order to obtain profit or achieve social benefits, if they are not excluded from circulation or restricted from circulation according to the national legislation of the member states of this agreement, various activities is to attract objects⁸. Although the 1985 Seoul Convention on the Establishment of a Multilateral Investment Guarantee Agency does not define the concept of investment, three main characteristics of investment are indicated. First of all, the members of the convention act based on the fact that investments should be made in the form of cash deposits or in kind [9]. Therefore, according to this Convention, the provision of services is not recognized as an investment. Another sign of investment is that the Convention provides that investments should be made in the medium or long term as well as in the long term.



3. Research methodology.

Analytical and statistical methods were used as a research methodology in this article, tables and graphs were widely used, and mathematical methods were also used. In order to further improve the quality of the article, unusual graphic programs were used.

4. Analysis and discussion of results.

Investment is the introduction and direction of financial, property and intellectual wealth in various forms of ownership in order to achieve economic and social efficiency. In economic theory, investments as an economic category can be characterized as follows:

- attracting, directing and introducing funds to almost all objects of business for capital enrichment;
- it can also be seen as economic relations between the participants of investment activities during the implementation of projects.

Investments in the main fund can be made mainly in the form of capital investment, and it is the sum of expenses for new construction, expansion, reconstruction and technical re-equipment of operating enterprises, equipment, and the purchase of raw materials necessary for the project. In economic sciences and practice, it is often emphasized that the terms “investment” and “capital investment” are not synonyms. It has been proven that investment is a much broader concept than capital investment. When talking about the term investment in Western literature, the first attention is paid to stock markets and exchanges, because in the leading developed countries, investments are made mainly in the form of securities. It is quite difficult to give a single and complete definition of the concept of investment. In economic sciences and in various aspects of practical activity, it was found that there is a meaning of investments and their specific characteristics. Investments in the economy consist of expenses for new equipment and technologies in production and service provision, as well as for the increase of material and intangible reserves, and can appear as a part of total expenses.

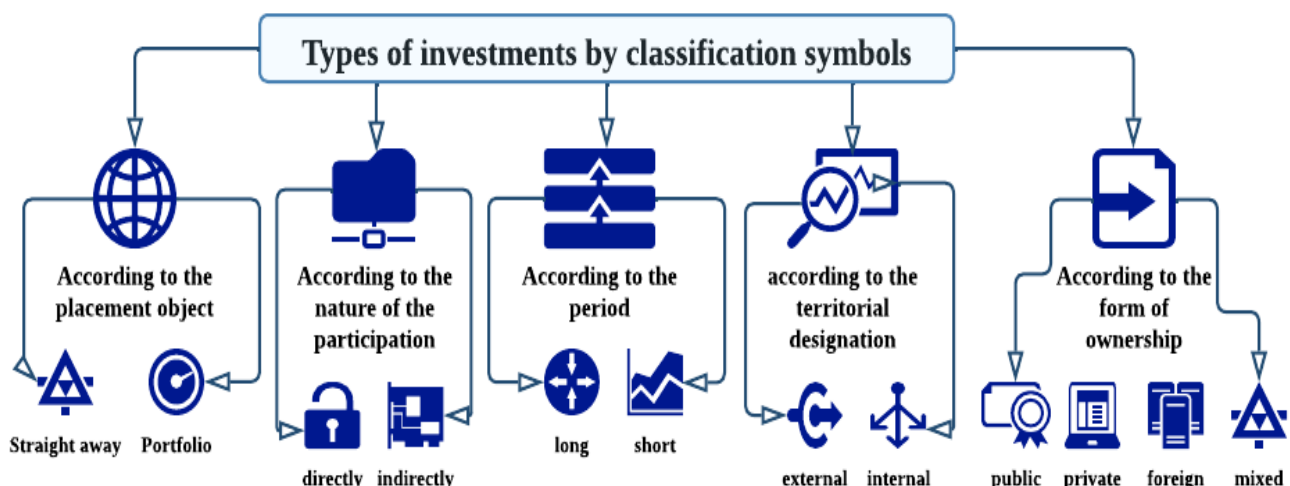


Fig. 1. Classification of investments according to the classification symbol [10]



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Investments are a part of the gross domestic product that is not consumed in a specified period and helps to ensure the increase of capital investments in the economy that will be consumed in the future. In the theory of production and macroeconomics, investments are the process of creating, forming and increasing existing capital. The economic essence of the investment is to spend fixed and working capital on the establishment, reconstruction or technical re-equipment of the enterprise; on financial investment - in order to increase the investor's financial capital, using his instruments, placing funds in shares, bonds, bank deposits and other securities. Investment is carried out in a broad sense, and this investment process is explained by the current state of the evolution of the financial system in the territory, region or country. The word "investment" in developed European countries (USA, Canada, Great Britain, Japan) is more focused on stock markets, and there are concepts that investments are made with the help of securities. In other words, portfolio investment is a word of mouth. The rate of inflation also has a serious impact on the volume of investments. If this indicator is high, the future income of the investor will be depreciated and the factors stimulating investments will also decrease. Investments are made in various forms, and it will be possible to divide them into directions, taking into account the special features of analysis and planning.

Table 1
Structural indicators of the financial condition of the enterprise [11]

<i>Structural aspects representing the financial position</i>		
Provision of financial resources	Balance with assets and liabilities	Financial stability of the enterprise
Creditworthiness	Income and expenditure balance	
Solvency	Balance of cash flows	

Indicators characterizing financial attractiveness: availability of financial resources, levels of credit and solvency are the most important lines in assessing the financial situation. Balance of assets and liabilities. balance of income and expenses Indicators representing the balance of cash flow characterize the effectiveness and profitability of financial activity.

Table 2
Investments in fixed capital by regions [12] growth rate %

Areas	2020	2021	2022
Republic of Uzbekistan	95,6	102,9	105,0
Republic of Karakalpakstan	69,9	105,1	118,9
Andijan	110,6	106,0	114,6
Bukhara	104,7	147,4	98,5



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Jizzakh	147,4	72,4	106,9
Kashkadarya	76,5	77,8	96,0
Navoi	77,1	86,0	105,9
Namangan	88,0	100,5	102,0
Samarkand	128,8	98,7	122,5
Surkhandarya	77,4	109,7	100,6
Syrdarya	111,2	107,7	127,6
Tashkent	92,2	120,3	102,4
Ferghana	113,5	105,7	112,4
Khorezm	92,7	139,3	108,7
Tashkent city	108,6	105,0	97,6

It can be seen from the data of the above table that the growth rate of investments in fixed capital is given in the form of percentage. Compared to 2020-2021, the growth rate in 2022 is 105.0 percent, which, in turn, indicates that investments in fixed capital in Uzbekistan have a growing trend and a favorable investment environment.

Capital investments mainly refer to investments aimed at material production, creation and re-creation of fixed assets and development of other forms of material production. Financial investments are the most popular type of investment today, and this type of investment activity is mainly carried out in the stock market. In this case, financial investments mean placing the means of the investor in shares, bonds, promissory notes, bonds and other securities, in a word, in financial assets, in order to obtain income and increase the capital. Financial investments are of a speculative nature or aimed at long-term investment of capital. Among the investments listed above, social investments are of special importance.

It is known that the role of foreign direct investments in the stabilization of the economy of our country is incomparable. At this point, we can see the countries with the highest share in the volume of foreign investment absorbed in Uzbekistan.

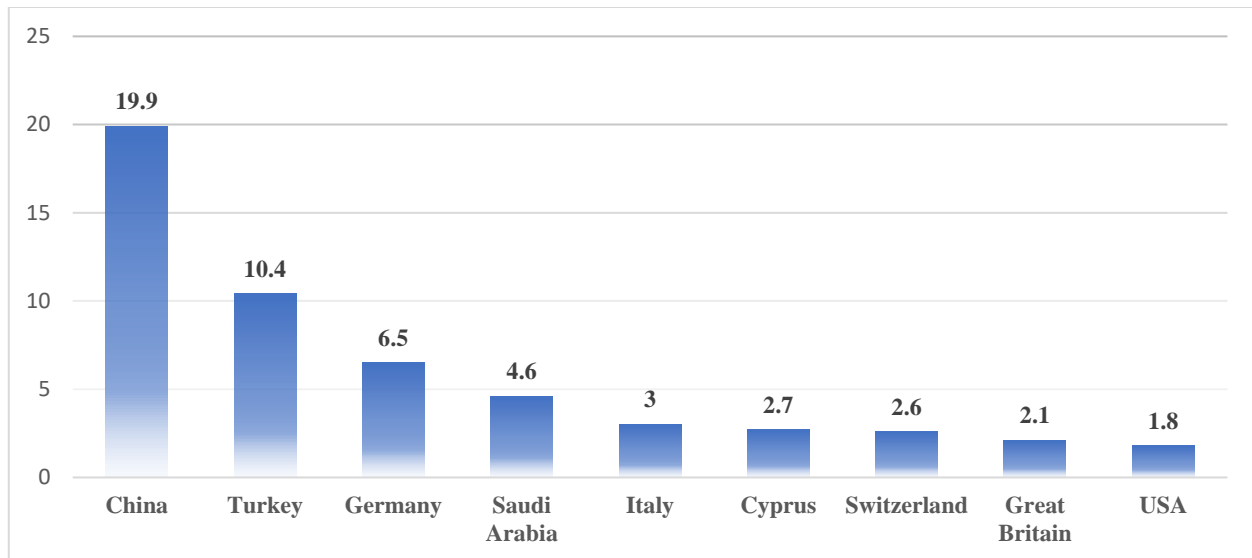


Fig. 2. The share of foreign countries in the volume of foreign investments in Uzbekistan (in percent) [13]

The volume of investments in fixed capital in Uzbekistan is 190 trillion. amounted to soums. According to the data of the State Statistics Committee, the total amount of foreign investments and loans allocated to fixed capital is 72 trillion. was recorded in the amount of soums [14]. The figures in the above figure prove that among the investor countries with the highest share in the total amount of foreign investment and loans, Russia took the first place with 21 percent. We can see this indicator in the rest of the countries, including China 19.9%, Turkey 10.4%, Germany 6.5%, Saudi Arabia 4.6%, Italy 3%, Cyprus 2.7%, Switzerland accounts for 2.6 percent, Great Britain 2.1 percent, and the United States (United States) 1.8 percent.

5. Conclusions and suggestions.

In short, investment activity is the placement of capital in various fields of activity and their management by any individuals and legal entities, as well as investment subjects such as citizens and legal entities of foreign countries, in order to obtain income, increase existing capital or achieve other useful results. is a set of practical actions. From this point of view, it can be said that the meaning of the concept of investment activity includes the purpose, object and directions of investment, organizational and legal actions related to investment, and finally, the motive of obtaining a certain positive effect (profit) [15]. The classification of investment activities allows investors to determine the purpose and object of capital investments, to have a clear idea of the area in which capital is invested, and to obtain more objective information about them. and summarizing the considerations, it should be said that each conceptual approach must serve to improve the country's economy and create a basis for its further development.



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