



IMPROVING INVESTMENT AND CONSTRUCTION ACTIVITY MEANS TO BE REGULATED BY THE STATE

Akhmedova Sanobar Ikram kizi

Tashkent Institute of Architecture and Construction
Department of "Economy and Real Estate Management"
"Industrial economy" specialty
2nd year basic doctoral student

Article history:	Abstract:
Received: 11 th May 2022 Accepted: 11 th June 2022 Published: 28 th July 2022	The article analyzes the current state and problems that hinder the development of investment and construction activities and evaluates the effectiveness of this area of activity against the background of problems with the use of the Investment Fund. For the first time, a methodical approach to assessing the share of imports in investments for the purchase of machinery, equipment and vehicles as a type of fixed assets of the domestic economy is substantiated; the results of the corresponding calculations are presented. The ways of solving urgent problems in the field of investment and construction activities, as well as the requirements that should be presented to the formation of the state investment and construction policy are outlined.

Keywords: Investment, construction activity, economy, vehicles, import share, calculation.

The state of the investment and construction sector in Uzbekistan both in the past and especially in the present should be assessed as a factor hindering the development of the national economy. Therefore, the main task of the development of investment and construction activities in the future is the transition from the current state, which limits the growth of the national economy, to its new quality, which ensures the full satisfaction of the country's needs for construction products. This requires a radical increase in the volume and quality of production facilities and non-production facilities put into operation, increasing the mobility and production flexibility of construction organizations, overcoming the dependence of construction on remoteness and regional attachment of the production construction base.

A shift in emphasis to a sharp increase in the quality of the building products being created, a reduction in the time for its creation (by 1.5-2 times) while simultaneously reducing the material consumption of construction processes (by 1.5 times) and their labor intensity (at least 2 times) should be accompanied by strengthening own material and technical base of the construction complex.

General assessment of the state and economic situation in the field of investment and construction activities in 2004-2014. The dynamics of the main indicators of the development of the sphere of investment and construction activities of Uzbekistan in the period under review was multidirectional: growth in 2004-2008, the crisis in 2009, the preservation of an unstable situation in the first post-crisis 2010, some

stabilization in the period 2011-2013 and sliding into a new crisis that began in 2014.

This period of time is characterized by an intensive growth of all the main indicators of the sphere of investment and construction activities. With the growth of GDP of the national economy in 2008 (compared to 2003) by 40.1%, the value added created by the FEA "Construction" increased significantly more - by 76.3%, which was due to the increased demand for construction products. This conclusion is confirmed by the growth in the volume of construction and installation works in 2008 compared to 2000 by 96.2%.

The growth in the volume of construction and installation works was facilitated by a significant increase in the volume of investments in fixed capital for the development of the material and technical base of construction - almost 2.4 times over the period from 2003 to 2008. A particularly significant increase in investments occurred within the framework of the foreign economic activity "Production of other non-metallic mineral products" - 3 times. At the same time, a slight increase in the output of this type of activity, by 1.44 times over the period from 2003 to 2008, may cause bewilderment.

This discrepancy can be explained by the pricing policy prevailing at that time, due to the increased demand for housing. In other words, the rise in prices for construction products, especially in housing construction, significantly outstripped the rise in prices for products of the building materials and structures industry.



However, the indicators of the physical volume of output of construction products, the building materials industry, as well as the production of machinery and equipment in 2008 did not reach the level of 1991. It should be emphasized that the opportunities for active investment in growth and effective expansion of the capacities of the production apparatus of the domestic economy and its social sphere were not used to the proper extent. Also, the existing opportunities to expand the front of research, design and other engineering work, which are the basis for preparing for the transition to the renewal of the real sector of the national economy, were not realized.

Characteristics of the effectiveness of the sphere of investment and construction activities. The effectiveness of this type of activity is characterized by the following quantitative indicators: commissioning of production facilities; commissioning of non-residential buildings, residential buildings, housing and communal services, social and cultural sphere, as well as such a qualitative indicator as the structure of directions for the use of investments in fixed assets.

From this list, the main attention will be paid to the analysis of the structure of directions for the use of investments in fixed assets, indicators of the commissioning of non-residential buildings and indicators of the commissioning of production capacities.

As for the commissioning of transport infrastructure facilities - roads, new railways, runways, main gas, oil and product pipelines - there is a "picture of stagnation" and a very sluggish progress (or lack of it at all) of the increase in the commissioning of the corresponding capacities.

Of particular note is the situation in the construction of special industrial facilities, enterprises and structures. According to available data [2], there are about 50 thousand potentially dangerous facilities and 5 thousand especially dangerous facilities in the country. At the same time, the largest industrial enterprises were created more than 70 years ago, the depreciation of their funds is 80%, in other cases it reaches 100% (including the chemical complex). A critical situation is observed with the state of hydraulic facilities and structures - their total number reaches 70 thousand, including about 30 thousand account for various kinds of dams, artificial reservoirs, canals, locks. Every tenth such structure is ownerless (of which more than 6 thousand are in need of major repairs, 400 are in emergency operation, about 300 have been in operation for over 100 years)

Taking into account the foregoing, we can expect a sharp increase in the volume of construction and installation work associated with the demolition and liquidation of physically and morally obsolete buildings and structures, both industrial and non-industrial, previously built. At the same time, the volume of such work, as well as repair and restoration work performed by organizations of the construction complex will increase at a faster pace than the economy as a whole, since the passive part of fixed assets for industrial and non-industrial purposes continues to wear out and requires constant attention to itself.

The volume of repair and restoration construction work will especially increase in the housing stock due to the almost complete absence of the necessary capital repairs of housing in 1987-2015. Thus, the key contradiction that arose in the early 1990s remains in the domestic economy. This contradiction lies, on the one hand, in the need for a radical renewal of obsolete and worn-out fixed assets of the real sector of the economy and the country's housing and communal sector and on the other hand, in the inability to satisfy these needs due to the lack of capacity of the construction and machine-building complexes.

Thus, the situation in the sphere of investment and construction activity remains unsatisfactory. This is due to:

- external factors related to fluctuations in world prices for raw materials, and internal reasons, including those related to macroeconomic policy miscalculations;
- a high level of economic uncertainty, which constrains the activity of private capital [4];
- insufficient efficiency in the use of public financial resources, in particular the Uzbekistan Investment Fund.

Let us dwell on the possibilities of using the Investment Fund Uzbekistan [5].

The Investment Fund Uzbekistan has been formed. The main goal of the Fund is to support specific investment projects that are priority for the state and regions by creating a transport, engineering or energy infrastructure of state or municipal significance, without which these projects cannot be implemented.

The fund was replenished by increasing the cut-off price for oil during the formation of the Stabilization Fund and early repayment of external debt - i.e. by saving on interest. The procedure for considering projects went through three main stages - the investment commission, the government commission



and approval at a meeting of the government of Uzbekistan.

The profitability of the project should be at least 4% and not more than 11%. The selection of investment projects was to be carried out on the basis of indicators of their financial, budgetary, economic and social efficiency, which would make it possible to evaluate the contribution of projects to improving the most important indicators of the socio-economic development of Uzbekistan and its subjects: growth in gross domestic (regional) product, additional revenues to the budget system of Uzbekistan, increasing the level of employment of the population of working age, the availability and quality of services to the population.

The projects of the Fund were selected in the framework of a public procedure providing for their consideration by the Investment Commission for the selection of projects applying for budget allocations from the Investment Fund of Uzbekistan, followed by selection by the Government Commission for investment projects of national importance and approval of project passports by orders of the Government of Uzbekistan.

On July 26, 2006, the Government Commission approved the first 4 projects applying for co-financing from the Investment Fund, and on August 3, 3 more projects. In total, for 2006-2010, 14 projects of national importance and 39 projects of regional importance were approved.

Thus, the overall performance of the Investment Fund can hardly be assessed as positive.

It seems that there is a more rational approach to organizing the allocation of funds from the Investment Fund and controlling their spending. As part of this approach, the fund's financial resources should be directed to long-term lending banks specially created for this purpose, which operate very successfully in many developed countries [10]. Such banks could (based on relevant orders from both the state and commercial structures) lend to national economic infrastructure and innovation projects, as well as the formation and development of new industrial hubs and territories.

These banks could also finance, under certain conditions, private investment projects. The peculiarity of these banks is that they issue loans for a specific project. Under this approach, the borrower, having received a loan from a long-term lending bank, orders a general contractor to perform specific construction work, including installation of appropriate technological equipment in innovative projects and sends the corresponding invoices for payment to long-term

lending banks. The Bank will pay for them if it considers these works expedient and corresponding to the objectives of the investment project. Thus, the bank also becomes the controller of the effective spending of public funds (while not forgetting about its margin within the limits agreed with the state).

It seems that indicators calculated in this way for the share of imports of machinery, equipment and vehicles in the structure of investments in fixed capital can be considered as preliminary estimates that require a more detailed study. Moreover, there is no complete certainty that the data on the import of machinery are properly reflected in domestic statistics. Except in addition, there is a lag between the terms of payment and the supply of products under international agreements, as well as fluctuations in exchange rates during the year and between years (although for calculations these rates were taken somewhat smoothed).

In many respects, the growing costs for the purchase of imported construction equipment are explained by its insufficient domestic production. Release of individual types of own machine-building products, measured in pieces, for example, pneumatic wheel cranes, is clearly insufficient for the construction industry of Uzbekistan.

In the future, after the end of the crisis that began in 2014, the following tasks will have to be solved in relation to the sphere of investment and construction activities.

First, to intensify and increase the effectiveness of the impact of the financial and banking regulatory framework on the functioning of the sphere of investment and construction activities.

Secondly, to re-create the foundations of the material and technical base of the construction complex, primarily construction and road engineering, including on the basis of borrowing foreign industrial assembly technologies.

Third, sharply improve the efficiency of the state housing policy.

Fourth, to change the technological and specific structure of investments in fixed capital through the large-scale introduction of innovations.

Taking into account the extreme depreciation of fixed assets of the enterprises of the production base of construction, especially the construction and road engineering industries, it is necessary, as previous calculations showed, direct 2-2.5 times more investments to the development of the base than was actually spent for these purposes earlier.

The creation and implementation of the foundations of a new effective state housing policy in



the country is necessary because, despite a number of steps taken by the government to develop housing construction, the ratio of household income to apartment prices has steadily fallen in recent years.

This is largely due to the fact that, as developers say, there is a shortage of land for construction in the country. There is another extremely painful problem - the need to modernize and replace the worn-out industrial infrastructure of the housing and communal complex (heat, gas, water supply and sanitation) and reduce the excessively high price for connecting residential buildings to these communications.

Thus, the state investment and construction policy in the coming period should stimulate:

- growth of investments in manufacturing industries, primarily in high-tech industries that provide a high rate of value added;

- increase in investment volumes with high innovative content, which will satisfy the growing demand for equipment of a modern scientific and technical level;

- expansion of investments in the modernization and re-equipment of the domestic engineering industry so that in the near future a basis for a large-scale renovation of the production apparatus will be created.

The development and implementation of a progressive investment policy will have the most positive impact on increasing the volume of not only production, but also housing, social, cultural and community construction. To eliminate the negative reasons that impede the effective development of the sphere of investment and construction activities, it is advisable:

- to revise previously adopted, but not working laws in the field of investment and construction activities in order to replace them and prepare appropriate ones. Investment and construction activities in modern Uzbekistan;

- the state and trends of new laws with the simultaneous determination the mechanism of their action and control over their implementation;

- provide for the mandatory execution of state orders for construction with verification in the process of their implementation and after their completion real practical results of these orders;

- counteract the manifestation of corruption in the field of investment and construction activities, as well as in the overhaul and current repairs of production facilities and residential buildings;

- to strengthen control by law enforcement agencies, as well as the prosecutor's office over

compliance with the law in the field of investment and construction activities.

Overcoming these and other contradictions is all the more important because in the sphere of investment and construction activities there are objective conditions that ensure the possibility of its effective functioning. Chief among them is a constant and significant need for construction products, especially for industry, as well as housing and social sectors of the national economy.

REFERENCES

1. Gritsai O.V., Ioffe G.V., Treyvish A.I. Center and periphery in regional development. M.: Nauka, 2001.
2. Kuznetsova O.V. Economic development of regions: theoretical and practical aspects of state regulation. M.: URSS, 2005.
3. Abykaev N. Investment potential and economic growth. // Economist. No. 6. 2000.
4. Albegova I.M., Yemtsov R.G., Kholopov A.V. State economic policy: experience of transition to the market. M.: Publishing house "Business and Service", 1998.
5. Alvinskaya N.V. Theoretical foundations of the organization of local budgets. M., 1995.
6. Anchishkin A.I. Science, technology, economics. M. : Economics, 1986.
7. Babich A.M. Finance. Money turnover. Credit. -M.: UNITI, 2000.
8. Babuk I.M. Investments: financing and evaluation of economic efficiency. M.: VUZ-UNITI, 1996.
9. Balatsky E.V. Investment efficiency in an open economy. // World economy and international relations. 1996. No. 10.
10. Bard B.C. Financial and investment complex. M.: "Finance and statistics", 1998.
11. Belousov A.G. et al. Inventory management: Textbook. Rostov n / a: RGSU, 1999.
12. Berens V., Havranek P.M. Guidelines for evaluating the effectiveness of investments. M. : AOZT "Interexport"; "Infra-M", 1995.
13. Blank I.A. Investment management. Kyiv, 1997.
14. Borisov E.F. Basics of economic theory. Moscow: New Wave, 1996.
15. Bocharov V.V. Financial and credit methods of regulation of the investment market. - M.: Finance and statistics, 1993.
16. Butov V.I., Ignatov V.G., Ketova N.P. Fundamentals of regional economy. Rostov-on-Don: March, 2001.