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## THE ROLE OF INVESTMENT IN ACHIEVING ECONOMIC EFFICIENCY

*Abstract: This article discusses the role of investment in achieving economic efficiency.*

*Key words: economy, efficiency, economic indicators, stock, investment, risk*

## РОЛЬ ИНВЕСТИЦИЙ В ДОСТИЖЕНИИ ЭКОНОМИЧЕСКОЙ ЭФФЕКТИВНОСТИ

*Аннотация: В статье обсуждается роль инвестиций в достижении экономической эффективности.*

*Ключевые слова: экономика, эффективность, экономические показатели, акции, инвестиции, риск.*

The concept of “investment” is quite multifaceted. In general, investment in the economic literature refers to any current activity that increases the future ability of the economy to produce. Accordingly, the investment of funds and other capital in the implementation of various economic projects with the aim of their subsequent increase is called investment. Legal entities and individuals making investment investments are investors.

The economic motive for investing funds is to receive income from their investment. In other words, investments include only those investments that are aimed at making a profit, increasing the volume of capital. Consumer investments, for example, in the purchase of household appliances, automobiles for household personal use and other goods, in terms of their economic content, are not considered investments.

In world practice, there are three main forms of investment: real (capital-forming) investments; portfolio investment; investments in intangible assets.

Real (capital-forming) investments are investments in real assets, i.e. in the creation of new, reconstruction and technical re-equipment of existing enterprises, industries, technological lines, various objects of production and social services in order to increase fixed assets or working assets.

Portfolio investments are investments in the purchase of securities of the state, enterprises, banks, investment funds, insurance and other companies. In this case, investors increase their not production, but financial capital, receiving income from the ownership of securities. At the same time, the real investments of funds spent on the purchase of securities are made by enterprises and organizations that issue these securities.

Investments in intangible assets include investments aimed at acquiring licenses, patents for inventions, certificates for new technologies, trademarks, certificates for products and production technologies and other intangible assets.

Investments in the economic literature are usually classified according to the following main characteristics:

1. By the nature of participation in investment:

a) direct investment - direct investment of funds by an investor in investment objects (this type of investment is carried out mainly by trained investors who have sufficiently accurate information about the investment object and are well acquainted with the investment mechanism);

b) indirect investment - investment mediated by other persons (investment or financial intermediaries). These investments are made by investors who do not have sufficient qualifications to select investment objects and further manage them. In this case, they purchase securities issued by investment or other financial intermediaries (for example, investment certificates of investment funds and investment companies), and the latter, collected in this way, place investment funds at their own discretion - they choose the most

effective investment objects, participate in their management, and the income received is then distributed among their clients.

2. By the investment period:

a) short-term investments - capital investment for a period not exceeding one year (for example, in fast-moving commercial projects, short-term deposits, etc.);

b) long-term investments - capital investment for a period of more than one year (as a rule, in large and long-term investment projects).

In the practice of investment companies and banks, long-term investments are detailed as follows: up to 2 years, from 2 to 3 years, from 3 to 5 years, more than 5 years.

3. By the form of ownership:

a) private investments - investments made by citizens, as well as by non-state enterprises and organizations;

b) public investments - investments made by central and local authorities and administration at the expense of budgets, extra-budgetary funds, as well as state enterprises at the expense of their own and borrowed funds;

c) foreign investments - investments made by foreign citizens, legal entities and states;

d) joint investments - investments made by persons of a given country and foreign states.

Investments, especially real (capital-forming) investments, can be carried out both at the expense of internal (national) and external (foreign) sources. Both sources of investment play a significant role in enhancing the attraction of capital and the development of the country's economy.

First, let's look at internal sources of investment. On a national scale, the overall level of savings depends on the level of savings of the population, organizations and government. Thus, the population can set aside certain funds for the future, companies can reinvest part of the profits received from their

activities, and the government can accumulate funds by exceeding the receipt of funds. into the budget over expenses. At the same time, the amount of savings directly affects the amount of investment in the country, since part of the funds is directed to consumption, and the rest to investment.

Based on this, the following main internal sources of investment can be identified:

a) profit

Businesses and organizations often use profit as a source of investment. Part of the profits earned is directed by them to business development, production expansion and the introduction of new technologies. It is obvious that those enterprises and organizations that do not allocate funds for these purposes ultimately become uncompetitive.

b) bank loan

Bank lending in many developed countries is one of the main sources of investment. At the same time, a special role is played by long-term lending, since in this case the load on the borrower is not high and the company has time to “spin up” the business. However, the role of bank lending as a source of investment depends on the development of the banking system and economic stability in the country. There is no doubt that the instability in the country leads to the reluctance of banks to issue long-term loans and finance investment projects.

In general, bank lending contributes to a gradual increase in production and, as a result, to the overall recovery of the country's economy.

c) issue of securities

The issue of securities is gradually becoming a source of investment in Russia. At the same time, in developed countries it is the issue of securities that is one of the main sources of financing for investment projects.

In order to receive funds, enterprises can issue both shares and bonds. At the same time, buyers of securities, as a rule, can be any legal entities and

individuals with free funds. It is they who in this case act as investors, providing their own funds in exchange for the company's securities.

d) budget financing

Currently, there is a state budget surplus in Russia. Thanks to this, it is possible to implement part of the investment projects at the expense of centralized sources of financing. At the same time, both irrevocable budget financing of nationally significant projects and lending to potentially profitable projects can be used.

e) depreciation charges

Depreciation deductions are aimed at restoring the means of production that are worn out in the process of being used in the production of goods. However, at present in Russia depreciation charges are depreciating due to inflation, which significantly reduces their role as sources of investment.

a) foreign direct investment

It is customary to understand direct investments as capital investments in real assets (production) in other countries, in the management of which the investor participates. Investments can be considered direct if a foreign investor owns at least 25% of the company's shares, or their controlling stake, the amount of which can vary within a fairly wide range depending on the distribution of shares among shareholders.

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