

SOURCES AND METHODS OF FINANCING INVESTMENT ACTIVITIES IN THE REPUBLIC OF UZBEKISTAN

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Annotation: This article examines various methods and sources of financing investment activities, emphasizing the necessity of utilizing both domestic capital and foreign loans, as well as direct investments and all related sources, to implement investment policies in the country.

Keywords: Investment, attracted financing sources, borrowed financing sources, credit, creditor, dividend.

In our country, investment activities enable investors to increase their capital, create new business opportunities, or ensure economic growth. Investment activity involves the process of allocating financial resources or other assets to various projects, companies, or assets with the aim of generating income, profit, or capital growth in the future. The words of our President, Shavkat Mirziyoyev, "Our goal is to make Uzbekistan the most attractive country for investments," reflect the extensive opportunities being created by the state to develop investment activities.

Property and intellectual assets that generate returns or profits, i.e., investments, can take the following forms:

- Financial resources, targeted bank deposits, shares, stocks, and other securities;
- Movable and immovable property (buildings, structures, equipment, and other material assets);
- Copyrights, know-how, property rights, and other intellectual assets;
- Rights to use land and other natural resources, as well as property rights;
- Other assets.

In a market economy, investment activities are carried out by citizens, legal entities (enterprises, firms, joint-stock companies, and other property owners), and the state. When initiating investment activities, each property owner primarily pursues their own interests, aiming for a single goal: achieving profit and efficiency.

Investment activities are divided into two main types:

1. Financial Investments: Investors allocate funds to company stocks, bonds, or other financial assets. These investments may involve risks but can yield high returns.

2. Real Investments: Investors fund production, technology, or infrastructure projects, such as building a new factory or investing in real estate.

In a market economy, financing investment projects is carried out through various sources organized by investors, including attracting financial resources, obtaining loans, and issuing securities and bonds as stipulated by legislation.

Generally, the sources of financing for real investment projects are categorized as follows:

1. Investor's own financial resources;
2. Investor's borrowed funds;
3. Financial resources attracted by the investor;
4. State budget funds (including local budget funds);
5. Foreign investments and loans;
6. Non-traditional financing (syndicated lending, leasing, venture financing, etc.).

Capital financing sources can be divided into two groups:

a) Centralized Investments, which include:

- State budget and extra-budgetary fund resources;
- Foreign investments and loans under government guarantees within external debt limits.

b) Decentralized Capital Investments, which include:

- Enterprise funds, including those of joint ventures, foreign enterprises, and private enterprises, as well as funds of non-residents of the Republic of Uzbekistan;
- Funds of state authorities and management bodies, loans from banks (including foreign banks);
- Citizens' funds.

From the perspective of attracting financial resources, two methods of financing investment projects are distinguished: financing based on external and internal sources.

1. Internal Investment Sources:

- Companies and state organizations issue stocks and bonds to raise funds through the domestic market. This is widely used to develop small and medium-sized businesses.
- In Uzbekistan, investment loans and borrowings can be obtained through banks, primarily serving as a financing source for production and infrastructure projects.
- State-allocated budget funds also serve as an internal investment source, financing state programs and projects.

External Financing Sources include special preferential state loans (from the State Property Committee, Employment Fund, Farmers and Dehkan Farms Fund, Microcreditbank's special resources, etc.), commercial bank loans (Preferential Lending Special Fund), funds from issuing and selling securities, foreign credit lines, and others.

Additionally, loans from international financial institutions such as the World Bank and the Asian Development Bank are designed to support investment activities, contributing to the country's economic development. Investments can also be financed through Uzbekistan's stock exchanges by selling or purchasing stocks and bonds. Various state-adopted investment programs and subsidies provide support for financing investments, primarily in priority sectors such as agriculture, energy, transport, and technology.

Conclusion and Recommendations

In conclusion, the Republic of Uzbekistan employs various methods to finance investment activities, including internal and external sources, bank loans, state programs, private capital, and public-private partnerships. These sources and methods play a crucial role in developing the country's economy and its various sectors. The primary sources and methods of financing investment activities in Uzbekistan include bank loans, issuance of stocks and bonds by companies, state budget funds, foreign investor contributions, state support programs and subsidies, and methods such as raising funds through stocks and bonds for new startups and innovative projects.

These financing sources and methods are primarily implemented through banks, state programs, and private investments, playing a significant role in economic development and job creation.

To further enhance the efficiency of financing investment activities in the Republic, the following recommendations are proposed:

1. Expand State Subsidies: Increase state support for financing new technologies and environmentally friendly projects.
2. Simplify Bank Loans: Ease the conditions for bank loans to businesses, particularly to strengthen support for small and medium-sized enterprises.
3. Develop Private Capital: Encourage investments in startups and innovative projects through private and venture capital.
4. Attract Foreign Investments: Create tax incentives and favorable conditions for foreign investors to attract new investments.

Implementing these recommendations will improve the investment environment and accelerate growth across various sectors of the economy.

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