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STATE INVESTMENT POLICY IN THE DEVELOPMENT OF PRODUCTION OF FINISHED METAL PRODUCTS IN UZBEKISTAN EXCEPT MACHINERY AND EQUIPMENT

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ABSTRACT

This article describes the essence of the state policy on the effective use of investments in the production of finished metal products, in addition to machinery and equipment, and its main objectives. In addition to machinery and equipment, the factors influencing the investment attractiveness of enterprises in the production of finished metal products and the directions of assessing the investment attractiveness were analyzed. It also shows the main dynamics of increasing investment trends in this sector.

KEYWORDS: *Investment, Investment Attractiveness, Investment Policy Of The State, Source Of Investment, Enterprise, Machine.*

INTRODUCTION

It is known that funding is one of the key factors for the rapid development of any sector of the economy. This is because funds are required to have access to modern technologies, raw materials and other factors of various production processes, from a qualified specialist. Of course, the state budget alone or the private capital of the population is not enough to finance real sector enterprises. This is especially true in developing countries.

In recent years, the economy of our country is developing rapidly. For example, in 2021 the gross domestic product amounted to 734587.7 billion soums, and the growth rate compared to the previous year was 7.4%. The volume of investments in fixed assets amounted to 244962.6 billion soums, an increase of 105.2% over the previous year.

It should be noted that in recent years, comprehensive reforms have been carried out to increase the investment attractiveness of the economy, including the production of finished metal products, in addition to machinery and equipment, and to attract investment, especially foreign investment.

In particular, the Decree of the President of the Republic of Uzbekistan No. PF-60 dated January 28, 2022 adopted the "Development Strategy of the New Uzbekistan for 2022-2026".

According to this strategy, the main goal is to further improve the investment climate in the country and increase its attractiveness, attracting $ 120 billion over the next five years, including $ 70 billion in foreign investment.

In addition, the implementation of a strategy for the effective use of investments and increase exports, the implementation of a new system based on the principle of "bottom-up", as well as the attraction of foreign and domestic investment until 2026 is clearly defined.

However, investments that are being made are not always effective. This will largely depend on its targeted and proper use. This is assessed by analyzing the technological structure of investments and the results achieved, thereby developing a state investment policy to increase investment efficiency. In turn, this requires scientific research in the field and reflects the relevance of this research.

ANALYSIS OF THE RELEVANT LITERATURE

In addition to machinery and equipment, the state's investment policy in the production of finished metal products is a way to attract investment in the industry and establish functional areas for the effective use of investment funds to ensure its growth [1].

The investment policy of the state embodies an integrated model of interaction between all subjects of investment processes at different levels. Its purpose is to attract large amounts of capital investment in the engineering sector, which will lead to an increase in the efficiency of enterprises in the sector.

Public investment policy is a part of macroeconomic policy, which reflects the attitude of the state to investment activity and determines its direction and purpose.

In addition to machinery and equipment, the leading role in the formation of investment policy in the production of finished metal products is played by restrictions on the implementation of this policy, management processes of investment activities in the enterprises of the machine-building complex, investment climate, etc. [2].

In addition to machinery and equipment, the development of the production of finished metal products is directly related to the direct regulation of investment processes by the state, and the state's investment policy in this area includes investment policies at the micro and enterprise levels.

The investment policy of the state at the micro level usually involves the evaluation of the innovative activities of enterprises producing finished metal products in addition to machinery and equipment in competition, the quality of individual programs and projects related to the development of the industry:

1. Using quantitative and qualitative analysis to assess the effectiveness of investment projects in the production of finished metal products, in addition to machinery and equipment, the selection of investment projects and identify its advantages (relative and absolute) over other projects;
2. Quality implementation of the selected project.

According to E.V. Makarenko, depending on the nature of machine-building enterprises, investment policy in the machine-building complex can be formed in several directions, including [3]:

- Encourage investment in the engineering sector;
- Approval of single and priority criteria of competitive advantage of machine-building enterprises in terms of investment attractiveness;
- Providing various benefits and advantages to the state-owned engineering enterprises;
- Support of innovative production of existing machine-building enterprises, creation of relatively favorable conditions for innovative development of enterprises of machine-building complex.

Sources of investment in engineering enterprises are private and borrowed funds, and private sources of investment include: 4:

a) Private financial resources, funds formed from depreciation of existing fixed assets, funds allocated from the profit for investment, payments of insurance companies, etc .;

b) Attracting funds from the sale of shares and the results of the enterprise;

c) Sale of trademarks, land plots, software products and obtained patents;

d) Non-refundable dividends of financial-industrial groups, joint-stock companies and holdings, etc.

According to S.A. Jigarev [5], the main goal is to modernize production in the production of finished metal products, in addition to machinery and equipment, increase the efficiency of investment processes, the following are its auxiliary goals:

- Development of cooperation and integration, improvement of organizational and economic relations;
- Activation of investment processes on the basis of scientific and technical development with the help of logistics;
- Organization of marketing research and product sales;
- Ensuring the expansion of reproduction on the basis of modernization;
- Improving the organization of labor resources, the formation of social infrastructure.

RESEARCH METHODOLOGY

Analytical comparison, logical and comparative analysis, grouping, and expert evaluation methods were widely used in this study. The research work of foreign and domestic scientists on the subject has been widely studied and analytical conclusions have been presented.

ANALYSIS AND RESULTS

In addition to machinery and equipment, the state policy on the effective use of investments in the production of finished metal products will benefit the state in four areas:

1) Increases the dynamics of development of the economy and the engineering sector;

2) The enterprises of this sector will be able to transfer some of their functions to the future (creation of social infrastructure);

3) There will be additional efforts to increase the pace of development of other industries;

4) There is an opportunity to effectively address the problems associated with the development of the regions.

Therefore, the volume of financial resources allocated and investments in the framework of state programs implemented in the country in recent years reflects the high growth dynamics [6].

The main objectives of public investment policy are:

- Mobilization of necessary financial resources for investment activities;
- Implementation of a comprehensive state targeted program for the development of the engineering sector;
- Increase the efficiency of capital investments and ensure structural changes;

- Improving the living standards of the country's population;
- Encourage investment in engineering and metalworking;
- Selection of priorities for investment in the sector;
- Support of enterprises in unfavorable economic conditions by providing benefits to investors;
- Support for the development of innovative activities;
- Increasing solvent demand for machinery and metalworking products.

In addition to machinery and equipment, investment policy at the enterprise level in the production of finished metal products is implemented in the following areas:

- Recovery of network enterprises;
- Renewal and modernization of fixed assets of industry enterprises;
- Development of innovative activity of network enterprises;
- Improving the management system of network enterprises;
- Development of social infrastructure;

It is obvious that the development of the sector depends directly on government intervention, which involves the normalization of the investment climate by optimizing a number of macroeconomic parameters, and this will be an additional effort to activate capital investment in the real sector. In turn, this process will stimulate economic growth. In addition, the state should make "large investments" in all sectors to carry out comprehensive restructuring and qualitative (innovative) development of the production of finished metal products, except for machinery and equipment.

From the point of view of investments attracted by various investors, the enterprises of the machine-building complex are a sufficiently "risky" object. The reasons for such a risk are many, in particular, the volume of investment takes a long time in terms of payback period. Another important aspect of the issue under consideration is that the investor will be able to make a greater profit by investing this investment in another sector, rather than investing in enterprises in this sector.

Due to the above, the state will have to encourage investment in the engineering sector and will take the following measures:

- ✓ Direct state investment in the activities of machine-building enterprises;
- ✓ Attracting investments in machine-building enterprises and monitoring their financial condition;
- ✓ State support for training of employees of machine-building enterprises;
- ✓ Creation of separate economic zones for opening machine-building enterprises;
- ✓ Creation of investment funds or participation in the creation of funds;
- ✓ Establishing cooperation with banks on the future development of machine-building enterprises.

Studies show that the state pursues not one, but several goals by pursuing an investment policy in the field of machinery and metalworking. In particular, it is expedient to point out the following as the most important of them (Figure 1).

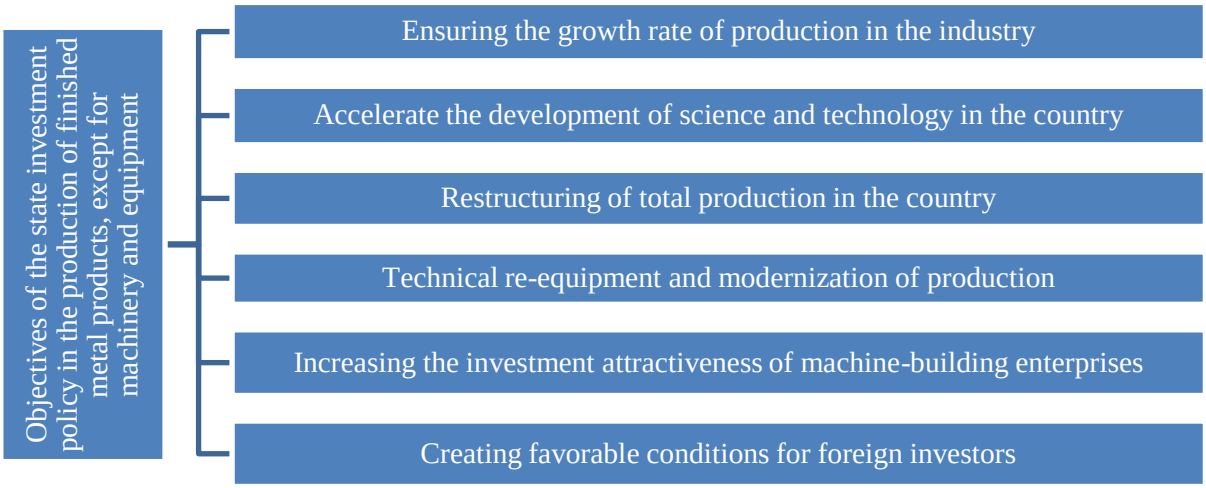

Figure 1. Objectives of the state investment policy in the production of finished metal products, except for machinery and equipment[1]

In addition to machinery and equipment, investment costs in the production of finished metal products are allocated to depreciation costs and directed to the replacement and repair of obsolete equipment, buildings and structures, while net investment is directed to expanding and replenishing existing physical capital and production growth.

In addition to machinery and equipment, the sources of foreign investment of enterprises producing finished metal products are:

- Non-refundable budget funds of different levels, allocations from various business support funds;
- foreign investments, international organizations, financial institutions, and funds provided by the state;
- various types of borrowed funds, including loans, non-repayable funds to support entrepreneurs and the state, bank loans, funds of other institutional investors (investment funds and companies, insurance companies, pension funds) and promissory notes and other funds.

However, it should be noted that the main source of investment is the internal funds of enterprises, ie depreciation allowances, and its share usually exceeds 70%. In a market economy, due to inflationary processes, the value of fixed assets is revalued, and therefore the only source of increasing the investment activity of enterprises is the accelerated depreciation of fixed assets.

In order to increase the investment activity of enterprises in the national economy, attract and effectively use foreign investment, the country implements public investment programs. These programs serve to technically re-equip manufacturing enterprises, implement programs to modernize production and the economy, and ensure sustainable economic growth.

The investment program is a set of socio-economic and economic decisions that determine the priorities of capital investment in the economy and ways to use them effectively, and today the main directions and measures of investment programs in the country are as follows [7]:

- Ensuring the priorities of structural changes in the economy;

- Creation of a material production base for the implementation of effective measures to compensate for imports and expand export potential;
- Organization of product competitiveness;
- Increase the investment activity of enterprises and attract large-scale foreign investment;
- Large-scale attraction of foreign investment for the development of production, technical re-equipment and modernization, creation of new jobs;
- Increase the level of localization in the production of finished products and spare parts;
- Expansion of production of export-oriented competitive products, etc.

In addition to machinery and equipment, the investment attractiveness of enterprises in the industry has played an important role in investing in the production of finished metal products. In this regard, a number of factors affect the investment attractiveness of enterprises, and this set of factors is conventionally divided into two groups (Figure 2).

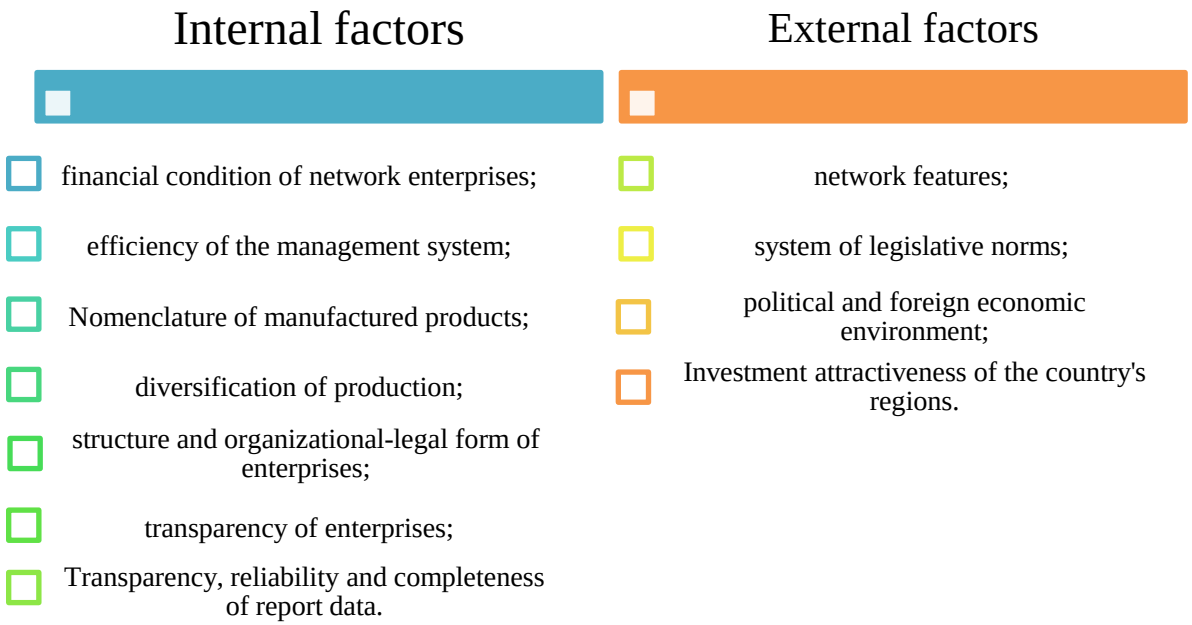

Figure 2. In addition to machinery and equipment, the main factors affecting the investment attractiveness of enterprises in the production of finished metal products [8]

It is obvious that the investment attractiveness of enterprises in the sector reflects a complete picture of the state of enterprises, and this fact serves as a basis for attracting and investing potential investors. Also, the main elements of investment attractiveness in engineering are classified as follows (Table 2).

TABLE 2 CLASSIFICATION OF KEY ELEMENTS OF INVESTMENT ATTRACTIVENESS IN ENGINEERING [5]

N	Directions for assessing investment attractiveness	The basic structure of the elements of attractiveness
1	Production	Ensuring the growth of production of competitive products, which allows it to run an efficient business

2	Property	The formation of a management system of the property complex, which allows it to optimize social and production
3	Sale	Identify sales channels in the market of products produced in a competitive environment
4	Financial	Optimization of key financial factors, significant changes in investment processes, identification of sources of funding and assessment of its targeted use
5	Innovative	Optimization of innovative development directions, focus on increasing product competitiveness

Today, in addition to machinery and equipment, participants in the investment process in the production of finished metal products are not only investors (legal entities and individuals investing cash and other resources), but also customers (legal entities and individuals authorized to implement investment projects). users (legal entities and individuals creating the object of investment activity) as well as investment exchanges, banks, insurance suppliers and other intermediary organizations are also participants in this process, and the investment process includes the following [9]:

- Direct (real) investments in construction, repair of new productions, acquisition of means of production;

- Bank investments - investment of bank resources;

- Investments in fixed assets - the acquisition of production equipment, machinery and construction of new production facilities of machine-building enterprises;

- Intellectual investment - investment in the training and education of specialists and the development of scientific and technological progress;

- Portfolio investment - investing in stocks, bonds and other securities for profit;

- Foreign investments - long-term investments in the capital of foreign owners;

- Investments in human potential;

- Innovative investments;

- Risky investments;

- Venture investments.

CONCLUSION

At present, in the world practice, the main dynamics in the trend of investing in the production of finished metal products in addition to machinery and equipment in many countries is formed by the following trends:

1. Investment in the creation of new equipment, the use of innovations and modern technologies, the introduction of new developments in production;
2. Investments in production modernization (technical and technological modernization, product modernization, training and modernization of management systems);
3. Investments in ensuring the competitiveness of products, improving their quality and energy efficiency, as well as stimulating the production of high-tech industries, etc.

In short, in recent years, the demand for products of finished metal products in addition to machinery and equipment with a high capacity of innovation and science and technology in world markets has increased. As a result, there have been significant changes in the export structure of many countries, and the share of products of this sector in the commodity structure of exports has increased. As a result, due to the above, many countries have begun to move to different ways of supporting high-tech engineering industries, and in practice, various forms of financial support for enterprises in this sector have begun to emerge.

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