The Economic Mechanisms of the Risks That Affect the Investment Increasing the Regions

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Abstract. **In this article were proposed the economic mechanisms of the risks that affect the investment increasing the regions. By the author was researched the interpretation of the concept of "investment" as an economic term. Also, was investigated the model of investment climate of the region and factors influencing its formation.**

***Keywords*:** Investment, investment attractiveness, market mechanisms, investment climate.

I. INTRODUCTION

In the context of economic globalization, the integration of countries and the intensification of international specialization puts each national economy on the challenge of innovative development of the manufacturing and service sectors, thus establishing the economic potential of the regions.

One of the important factors and directions of deepening structural reforms and diversification of the economy in Uzbekistan, increasing the incomes and living standards is to increase the investment attractiveness of the regions.

The economic strategy of the state in the formation of an innovative economy, along with the establishment of long-term fundamental goals, also includes the means and ways to achieve those goals. The strategy of action on the five priority directions of development of the Republic of Uzbekistan in 2017-2021, adopted by the Decree of the President of the Republic of Uzbekistan dated February 7, 2017, "Creating new industrial enterprises and service centers, establishing small industrial zones" Small towns and, at the expense of large business associations, bank loans and foreign private investment aharchalarni development "[1] the issue of specific tasks. Increasing the investment attractiveness of the country in the process of economic liberalization is one of the most important stages of the Strategy of Action on the five priority directions of development of the Republic of Uzbekistan in 2017-2021. The measures taken resulted in the inflow of foreign investment in 2011-2016 to $ 3.3 billion. US $ 1.9 billion The US dollar changed its downward trend. [2] These aspects cause the need to increase the economic potential of the regions and the introduction of market mechanisms for the effective formation of the investment climate in the country.

II. LITERATURE REVIEW

There are a number of areas for improving the economic potential of the regions, and the main approach is to introduce specific market mechanisms to create an investment climate.

The main indicator of the socio-economic development of the regions is its investment attractiveness. The amount of investment in the economy is one of the key factors determining the rate of economic growth in the country, which, in turn, depends on the structure and sustainability of investment resources.

Understanding the essence and essence of investment attractiveness requires, first of all, the interpretation of the concept of "investment" as an economic term. Economists have different interpretations of the concept of "investment" in the scientific literature. While some economists see it as "all sorts of money invested in business activities," some describe it as "investing" because the Latin word "invest" literally means "investing."

In particular, the U.K. winner of the Nobel Prize in Economics. According to Sharp, "Investment is the simultaneous renunciation of the value in order to gain (perhaps indefinitely) value" [3]. It is acknowledged that "investing" is a withdrawal of money today for future profit "," either investing in real or financial assets. [4]

According to Swedish scientist Klas Eklund, "investment is the value left to tomorrow for better future consumption. Part of it is currently an unused inventory of consumer goods and the other is studied as a resource to expand production "[5]. "The investment is the increase in material resources, the accumulation of production assets and the cost of production," by R. Campbell [6]. Mikhaylova proposes "investing in any form of capital for future income or social benefits [7]."

In explaining the essence and essence of investments, D.G. Fozibekov's research paper on "Investment financing issues" is important for macroeconomic and production theory, financial theory and the economy in general. According to the author, there is a need to always keep in mind that investment is associated with different risks and expected returns, and that these features are different from other investments. [8]

III. ANALYSIS AND RESULTS

The Law of the Republic of Uzbekistan “On Investment Activities” states that “Intangible and intangible benefits and their rights to be included in economic and other activities”.

In summarizing the above, in our opinion, an investment is an income (profit) or a social benefit by investing in a particular type of property and intellectual property, other than the property or intellectual property that the investor has. It is important to remember that property and intellectual property that can be effective does not need to be owned by the investor alone, and that investments can be made in the following ways:

- cash, bank funds, stocks, shares and other securities;
- movable and immovable property (buildings, structures, equipment);
- copyrights, property rights arising from the use of know-how, other intellectual property;
- Property and property rights on land and other natural resources;
- other assets.

The definition of investing, in addition to existing "limited opportunities", is to provide financial and economic growth by participating in all aspects of enhanced reproduction through the effective use of certain non-existent property and intellectual resources and generating significant returns.

The "investment climate" is an abstract concept, a set of features that summarize the socio-economic, organizational, legal, political and other conditions that determine the feasibility and attractiveness of investment activities.

In the study of foreign and national scientists, the concept of "investment climate" is interpreted differently along with the factors influencing it. For example, in the 2005 World Economic Development Report, the notion of an investment climate was identified as the driving force behind companies' ability to create unique and effective investments in each location, creating jobs and expanding their activities. [9]

According to Russian economists GI Igolnikov and ES Patusheva, "economic environment is defined as an economic concept" - the economic attractiveness of financial or material resources, the absence of social and political risks, the stability and improvement of the regulatory framework. describes the [10]

In most cases, the terms "investment climate" and "investment climate" are used interchangeably. The investment climate is a widely used concept that combines all of the issues and issues that are considered by the investor. The investor will identify the disadvantages and disadvantages of investing in a particular country while at the same time paying close attention to the ideology, politics, economy and culture of the country seeking to invest its capital. ”[11]

One of the most important components of creating a favorable investment climate is the legal and regulatory framework that must protect and guarantee the property interests of each investor, as well as ensure that the current investment mechanism in the country is clear and concise.

Investment climate refers to the pros and cons of socio-economic, organizational, political and other conditions that determine the feasibility and attractiveness of investing in a particular country (or region). In addition to the political, social and economic factors that affect the investment climate, it is necessary to consider all possible future expenses that are independent of it.

Investment is a widely used concept, reflecting a set of possibilities and opportunities for a full investment relationship, combining all of the issues and issues that the investor must consider. It also avoids the loss of capital gains, bank and financial institutions, infrastructure institutions, brokers, registrars, non-fulfillment of contractual obligations, and other losses, except for probable loss of income from invested investments, taxes, interest rates and so forth. It is important to remember that there are all the costs to cover the losses.

The influence of government agencies on the creation of an investment climate is important, and it is advisable to take into account the national experience of companies and firms established in the world, including foreign investment, with high economic performance.

According to the analysis, as a result of deepening economic reforms aimed at investment climate in Uzbekistan, opportunities for development and strengthening of cooperation with developed countries of the world are expanding. Investors from many countries are attracted to the economy of Uzbekistan over the years of independence. Among them are Russia, Great Britain, Italy, Germany, Turkey, USA, Japan, Korea, China, India and other countries.

The goal of improving the investment climate is to create the necessary and favorable conditions to enhance investment potential, to accelerate investment activities and, ultimately, to boost the economy, to address social problems, and to increase production efficiency. Therefore, the constant recurrence of production directly depends on the state of the investment climate.

Full implementation of investment potential of the Republic of Uzbekistan, further improvement of investment climate, qualitative development of annual investment programs, creation of favorable conditions for attraction of foreign investments, expansion of cooperation with international financial institutions, financial institutions of foreign governments, leading foreign companies and banking structures, In order to improve the efficiency of attracted foreign investments, the President of the Republic of publikasi investment activities of the State Committee of the PP-2868 "On measures dated.

The assessment of the investment climate is based on an analysis of the factors that determine the investment climate and what contributes to economic growth. The ultimate goal and outcome of the evaluation of the financial and economic efficiency of the investment climate is to enhance the efficiency of direct investment. Based on these objectives, the objective is first to study and determine the economic efficiency of the investment using the most common methods of evaluating investments.

Generally speaking, investment efficiency and methods of its valuation are the methods of determining the expediency of investing in different objects in terms of profitability and cost. When determining the effectiveness of investments, it is not enough to use separate indicators that reflect some aspects of their investments. Therefore, several methods and indicators systems are used to evaluate the effectiveness of investment projects.

In practice, capital inflows and outflows in key factors of the investment climate in the country are also assessed. It uses indicators that determine the value of output indicators, describing the country's investment potential and the risk of its implementation. The following are some of the most important ones:

- quality of tax system and level of tax burden;
- quality of the banking system and other financial institutions;
- openness of the economy.

Traditionally, the main competitive advantages of Uzbekistan are the rule of law, strong investment policy, rich natural resources, high level of education and intellectual potential. As a result, the share of foreign investment in the country is increasing.

The investment climate of the regions is influenced by many factors. Therefore, the investment climate of the regions is a process where dynamic or static changes are constantly observed. The attractiveness of the investment climate is influenced by internal and external, objective and subjective factors, which depend on the systemic factors of the formation of the attractiveness of the regional investment climate. Contingent factors affecting the attractiveness of the investment climate in the regions are largely affected by the conditions that are specific to the region.

Investment policy is one of the most important directions in the socio-economic development of any country. Because of this policy it is possible to ensure high level of development of production capacity of the country, increase of quantity and quality of products, satisfaction of material and moral needs, development of the whole state infrastructure.

The investment climate is highly susceptible to the influence of public administration, and the existing legislation on its formation is considered as a primary factor. Investment by the country and its regional khokimiyats requires effective organizational management to create a favorable investment climate. There is also a strong resilience of regional local governments to their policies and strategies to increase the attractiveness of the investment climate.

The possibilities for further development and improvement of the above-mentioned organizational, legal, socio-economic factors at the district, city and regional levels are also wide. They contain clusters and descriptors that are essentially clusters (Figure 1).

The classification and description of factors of the investment climate, in turn, depend on the effectiveness of the final results of economic activities, ie the expected and expected results in the activities of business entities.

In addition to the above factors, a number of other factors influence the formation of the investment climate:

1) amount of free funds allocated to the economy of the regions and investments;
2) Government support for investment programs and investments;
3) international or local investment market situation and so on.

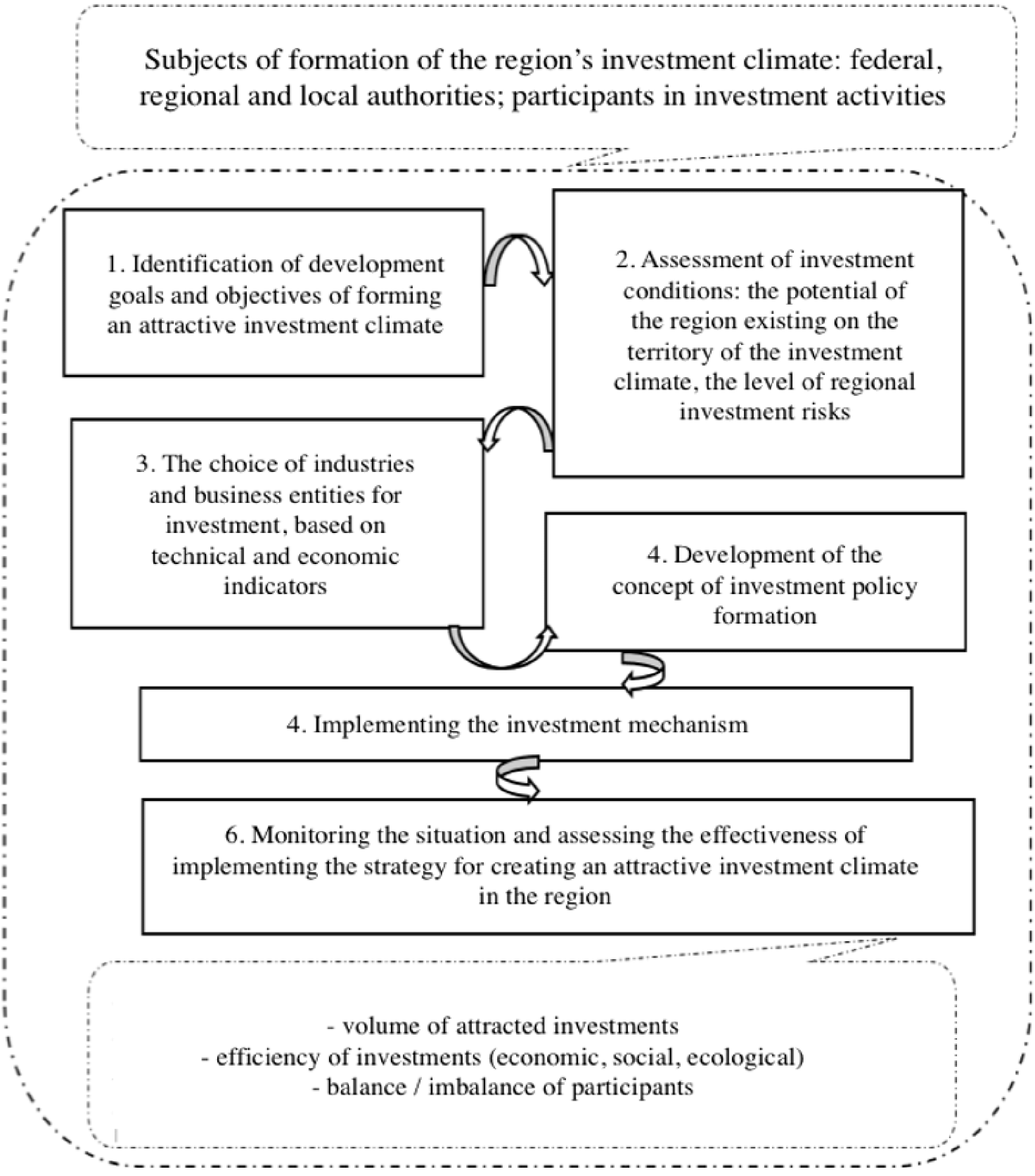

Fig.1. Investment climate of the region and factors influencing its formation
Source: https://www.researchgate.net/figure/Process-of-formation-of-the-regional-investment-climate_fig1_328284857.

In this context, the measures and results achieved in the regions significantly affect the criteria of the "favorable investment climate", which requires the effective use of their potential and opportunities for further activation.

It is necessary to consider further clarification of criteria providing investment attractiveness by districts, cities and regions, and on this basis to create scientific and methodological basis for the formation of a "favorable investment climate".

Formation of a favorable investment climate should be focused on addressing such priority issues as socio-economic development, modernization of production, technical and technological re-equipment of the country's regions, enhancing the competitive environment between them, and improving the market infrastructure, as a key area of state policy.

The combination of these priority issues and their effectiveness depends on a regional differentiated action plan for classification and classification of legal, social, economic, political, cultural, legislative and environmental factors as illustrated in Figure 1. Consequently, the attractiveness of the favorable investment climate is shaped and developed by the above factors, one of the most important tasks of this period is the study, research and interpretation of the content.

A number of foreign and local economists and experts state that the investment climate created in a particular country should bring only "benefits" to investors. On the one hand, this logic seems appropriate for the investment climate, but on the other hand, this conclusion is not sufficiently substantiated from the point of view of investor activity. Economic development cannot be achieved through the creation of a favorable investment climate, which is the key issue that depends on the outcome of the investor's activities and the benefits that these investments provide to the public. This implies relying on effective marketing strategies in the investment process. If the investor creates market opportunities in the region and effective market opportunities for the population living in the area, the competitiveness of the domestic and foreign markets will be higher. It requires limiting the activities of an "unreliable investor" that restricts any investor who is unable to sustain its activities in a favorable investment climate. This, in turn, should prove that there are enough effective marketing strategies and marketing frameworks for promising investment projects.

IV. CONCLUSIONS

In general, the investment climate is a system of specific organizational, legal, socio-economic and political conditions created by the state for domestic and foreign investors in carrying out investment activities.

The formation and development of a favorable investment climate, the efficient allocation of investments and the increase in the efficiency of their activities have a significant positive impact on the reinvestment of investors' investments, increasing their profits, ensuring competitiveness and sustainable real economic growth.

It should be noted that most economists recognize the role of investment as an important factor in economic growth. Although the impact of investment on economic growth is characterized by the reinvestment of capital over time and the retention of past and future income, it is not always possible to maintain its present value.

Often the investment process does not occur at the same time and can take a long time. Therefore, it is one of the most pressing problems for all investors, with the exception of the first phase, the current value of invested capital and income (cash flow), which is formed in all subsequent stages. [12]

Needless to say, the temporary benefits of the investment incentive system in the short run often give investors the ability to operate temporarily for that period and, conversely, the long-term sustainability of the system of incentives for their long-term sustainability. .

A comprehensive system of measures to create a favorable investment climate that will support long-term investors' activities is characterized by targeted government programs across districts, cities and provinces. This means that there is a specific active investment mechanism in the economy to stimulate total investment activity. This mechanism is characterized by government incentives and characterizes the overall investment relationship.

In all these cases, it is important to use marketing strategies to create a favorable investment climate.

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