



FEATURES OF INVESTMENT ACTIVITY IN THE CONSTRUCTION FIELD OF UZBEKISTAN IN MODERN ECONOMIC CONDITIONS

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ABSTRACT

The present article discusses issues on the investment activity in the field of construction and analyzes its features in the modern economic conditions. The general assessment of the investment and construction activities state in modern economic conditions is provided. Alongside with this, the key trends for development and improvement of construction industry are determined.

KEYWORDS: *features, tendencies, investment activity, investments, construction, investor, capital, income.*

INTRODUCTION

Considering the nature of investment activity, it can be noted that its realization is preferable in those fields of activities, where there is a highest return. Construction is one of those industries that can bring a steady income for a long time. The application of the category "investment and construction activity" in Uzbekistan began relatively recently, namely, it became relevant when transiting to market conditions for conducting business activities and implementing it in the course of investment financing.

The investment construction activity can be considered from two positions. The first - as a field of economic activity associated with the expanded reproduction of fixed production and non-production assets. The second - as an independent system of

attracting and using material and financial resources for the preparation, organization and direct realization of the construction and reconstruction of real estate objects. [1]

The investor always plays a key role throughout the entire investment and construction process. He determines the direction of investment, makes a decision on volume and terms of investment, on the particular investment object, on the forms of investment, as well as attracts customers on the competitive base, works out contract terms, carries out financial and credit relations with all participants in the investment process. [2]

Investor's participation and his relations with other links in the investment and construction process is shown in the Fig.1.

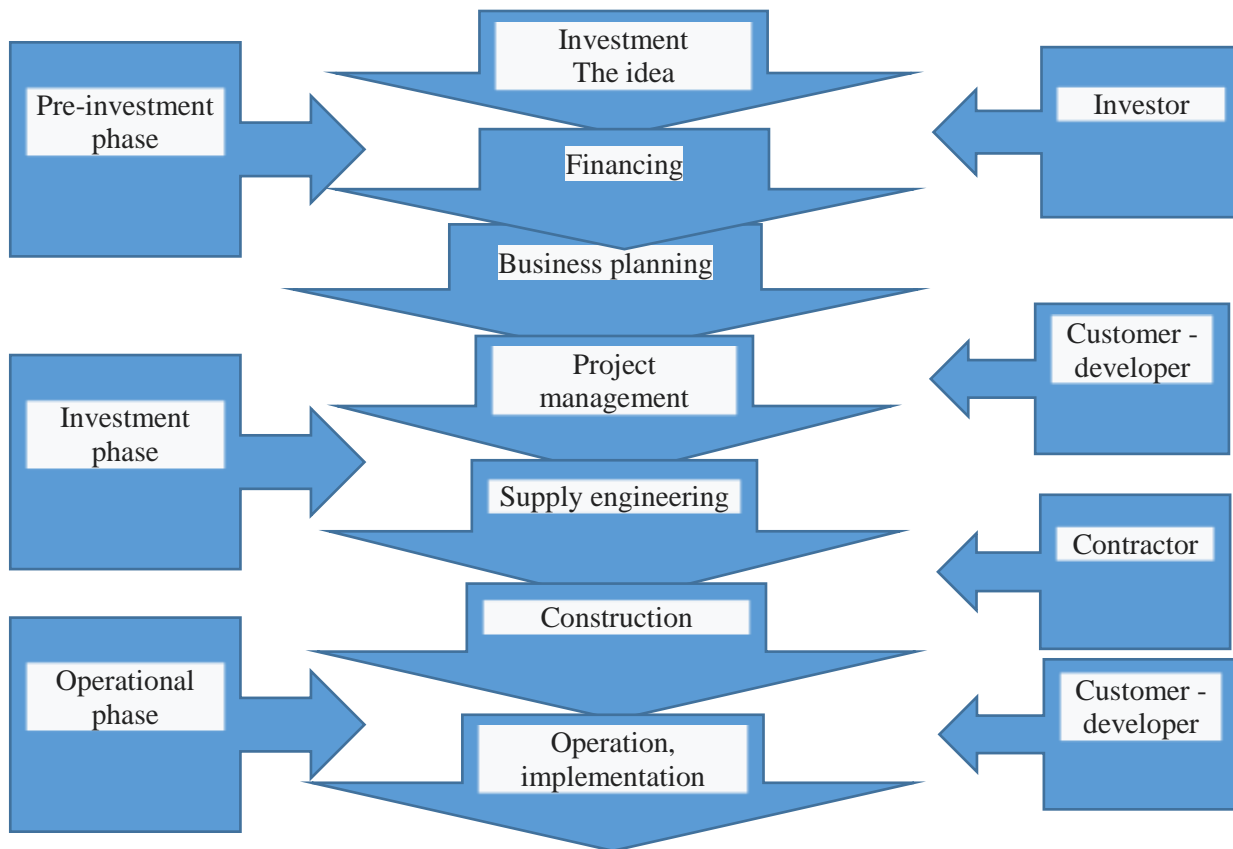


Fig.1. Investor participation in the investment and construction process

The main feature of investment and construction activity, which distinguishes it from other types of activities, is its final product - a real estate object. Real estate investments have significant features compared to

other types of long-term investments. [3] The features of investment activity in construction field are presented in the Table 1.



Table 1.
Features of investment activity in construction

№	Feature	Explanation
1	<i>High degree of dependence on the quality of management</i>	Compared to investment in securities, the return of real estate investment is extremely dependent on the effectiveness of real estate management.
2	<i>High degree of resilience to inflation</i>	Owing to this feature, real estate investments are considered to be a good solution to diversify the investment portfolio, as well as to obtain a favorable ratio of profitability and risk.
3	<i>Greater revenue stream stability</i>	High stability of the income stream from real estate ownership, compared with the cash flow of corporations, often at higher interest rates of return.
4	<i>Time factor</i>	Investing in construction takes a long time for obtaining the final object. Its creation includes not only the stage of building construction, but also the stage of preparation, approval of construction permits, various examinations, the stage of state acceptance of the finished object. The construction period for buildings often exceeds one year, reaching even several years; but by the service life of the building and structure, it is the most durable of all objects created by man.
5	<i>Increased risks</i>	Real estate and construction investments have greater risk. Among these risks there is a possibility of changes in the investing course due to the political situation in the country, economic conditions, natural disasters, emergencies. All of this may prevent the investor from obtaining a finished property or compensate for the costs incurred. Invested capital is exposed not only to standard risks and discount rates, but also to the risk associated with the human factor.
6	<i>High cost</i>	Investments in the construction of real estate are characterized by a number of various costs, such as proprietary, occupational, scientific and technical, which indicates their capital and knowledge intensity. In this regard, the implementation of investment construction activities requires the combination of efforts and capital of many business entities simultaneously.
7	<i>Relatively low liquidity</i>	Investments in construction are less liquid than in securities and other traditional financial assets. Low liquidity of real estate is exacerbated by the long period necessary for the implementation of the object on the market.
8	<i>State regulation of investment activity in construction</i>	As it known, any property that has been invested, as a rule, poses an increased technical, environmental or other danger to the person particularly and society as a whole. This circumstance necessitates the introduction of detailed state regulation of investment activity in construction. Therefore the characteristic feature of the real estate market is the presence of a special regulatory framework.

Such specific investment properties of real estate, undoubtedly, are taken into account by investors, as they allow to achieve the aims set by each of them - to receive income on capital and save invested funds. [4]



Table 2
Fixed capital investment growth dynamics
(in actual prices, billion sums)

	2012	2013	2014	2015	2016	2017	2018	January-December 2019
Republic of Uzbekistan	24455,3	30490,1	37646,2	44810,4	51232,0	72155,2	124231,3	189924,3
Republic of Karakalpakstan	1242,1	2415,0	3990,6	6021,2	3778,3	2822,0	6757,8	8434,6
regions:								
Andijan	1379,9	1462,3	1645,0	1956,5	2188,5	2986,0	4711,9	8183,7
Bukhara	2405,8	2998,7	3583,2	4075,9	5922,9	11613,4	9610,9	9867,0
Jizzakh	792,5	1128,5	1200,9	1304,9	1449,7	1788,2	3606,3	7919,3
Kashkadarya	3072,2	3667,8	4721,8	5894,7	7304,4	11175,3	16518,5	23525,3
Navoi	1688,0	1696,9	1754,1	1809,1	2963,2	3977,9	10579,5	17775,3
Namangan	917,3	1205,1	1807,5	2227,5	2824,5	3586,7	8158,1	12187,0
Samarkand	1586,0	2127,6	2540,4	3237,2	3623,5	4384,2	7061,4	9798,6
Surkhandarya	980,3	1371,0	1509,1	1843,6	2142,4	3551,0	7240,6	12232,4
Syrdarya	663,1	852,8	992,3	1083,3	1322,9	1628,0	2699,3	6129,2
Tashkent	2005,8	3195,2	4021,7	4428,1	4238,7	5938,4	11226,9	16935,1
Fergana	1505,8	2130,0	2295,3	2542,3	2643,6	2954,5	5539,1	9164,2
Khorezm	783,4	1256,9	1614,8	1531,5	1560,5	2175,9	3013,8	5566,8
Tashkent city	5433,1	4977,1	5969,5	6854,6	9268,9	13573,7	26435,7	41497,9

Source: www.stat.uz

The dynamics of the main indicators in the development of the field of investment and construction activities in Uzbekistan during the observed period was multidirectional, let us consider the changes that have occurred:

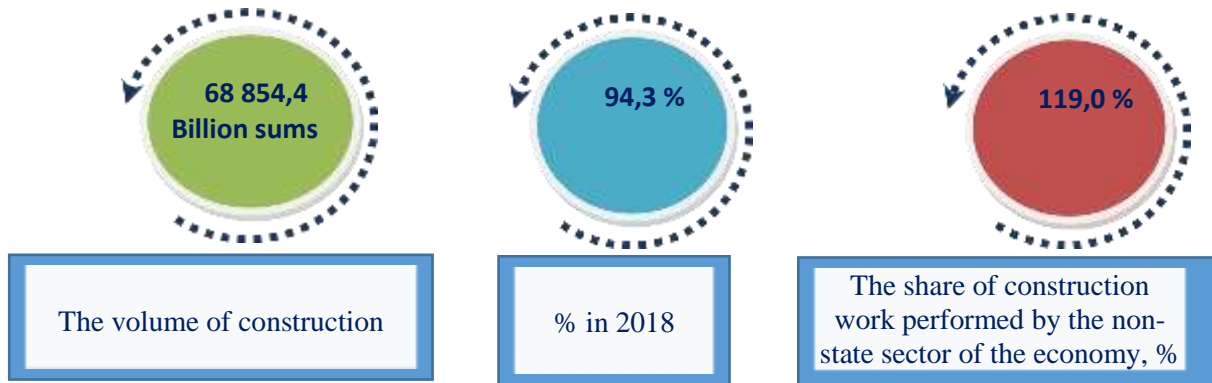
1. The increased demand for construction projects, the growth of real cash incomes of the population, as well as the increasing inflow of export foreign currency earnings – all of this led to a high level of investment activity, significant increase in construction, especially residential buildings, and, as a result, to an intensive growth of all main indicators of investment and construction activities.

2. In January-December 2019, the most of all investments in fixed assets - 52.5% - was spent in four regions of the republic, particularly in Tashkent - 21.8%,

in the Kashkadarya region - 12.4%, in the Navoi region - 9, 4% and in the Tashkent region - 8.9%.

3. High growth rates of disbursed investments in fixed capital were observed in the following regions: in the Jizzakh region - 195.2% (volume of investments in fixed capital - 7919.3 billion sums), the Syrdarya region - 194.3% (6129.2 billion sums), the Khorezm region - 167.1% (5566.8 billion sums), the Surkhandarya region - 148.8% (12232.4 billion sums), the Navoi region - 145.7% (17775.3 billion sums), Tashkent city - 142.5% (41497.9 billion sums), the Andijan region - 142.3% (8183.7 billion sums) and the Ferghana region - 140.1% (9164.2 billion sums).

4. In January-December 2019, construction work was completed for 68854.4 billion sums, and the growth rate made 119.0% compared to 2018.



5. In January-December 2019, high volumes of construction work were completed in the following regions: in Tashkent, the volume of construction work composed 15418.7 billion sums (a share of the total volume of construction work - 22.4%), respectively, in the Tashkent region - 4879, 7 billion sums (7.1%), in the Kashkadarya region - 4665.4 billion sums (6.8%), in the Bukhara region - 4334.6 billion sums (6.3%) and in the Samarkand region - 4096, 8 billion sums (6.0%).

CONCLUSION

Summarizing the above stated, it can be concluded that investment in the field of construction has a greater chance for obtaining a substantial profit. The investor can use the building at his discretion, expand his production, rent out or sell. Moreover, the cost of construction will almost always be lower than the market value of a similar object. A smaller initial investment volume is a greater indicator of their return.

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