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INSTRUMENTS OF INVESTMENT POLICY FORMATION AND MECHANISMS OF STATE CONTROL

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ANNOTATION

Structural modernization of the economy and improvement of competitiveness of products and services require significant financing for modernization of production facilities, launching new projects and mastering modern management technologies. In market economies, the bulk of such investments is usually provided by the private sector, whether national or foreign. Therefore, the most important direction of state socio-economic policy in general and investment policy in particular is to create the most favorable conditions for private investment. The state should pursue adequate fiscal and monetary policies, as well as take measures that directly stimulate investment. It is important to clearly define the priorities of public investments not only to increase their efficiency, but also to maximize the public effect. The realization of investment policy requires a mechanism to ensure its implementation.This article considers the tools of investment policy and methods of state regulation, the mechanism of investment policy implementation, the main methods of state regulation of investment activity.

KEY WORDS

investments, private investors, mechanism of investment policy, Indirect methods, direct methods, legal acts regulating investment activity.

Structural modernization of the economy and improvement of the competitiveness of products and services require significant financing for upgrading production capacities, launching new projects and mastering modern management technologies. In market economies, the private sector, whether national or foreign, usually provides the bulk of such investments.

Private investment is much more efficient than public investment. Private investments bring new technologies and new management methods to enterprises. Private investors are more interested in improving the efficiency of production, reducing costs, and increasing the competitiveness of products. At the same time, private investment is extremely sensitive to the conditions of investment.

Therefore, the most important direction of the state socio-economic policy in general and investment policy in particular is to create the most favorable conditions for private investment.

In this case, the state should not only conduct adequate fiscal and monetary policy, but also take measures that directly stimulate investment. Such measures include both specific measures of tax policy - accelerated depreciation mechanism, simplification of VAT refund and reimbursement, and measures related to the protection of investments, including foreign ones, development and adoption of concession agreement mechanisms, partial coverage of investment risks, especially non-commercial ones, etc.

At the same time, despite all the positive qualities of private investment, it is not able to meet all the needs of the economy in investment resources, not so much because of the insufficiency of their volume, but because there are areas in the economy where it is not profitable for a private investor to invest for one reason or another. These can be both investments with a high payback period (most

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infrastructure projects) and investments in sectors that, despite their importance for national security and social stability, are unattractive for private investment due to high risks and low rate of return on invested capital (for example, agro-industrial complex and defense industry).
For these reasons, private investment in any state is not a complete substitute for public investment. It is all the more important to define as clearly as possible the priorities of public investment not only in order to increase its efficiency, but also to maximize the public effect. The investment policy implementation requires a mechanism that ensures its fulfillment, which is shown in Figure 1

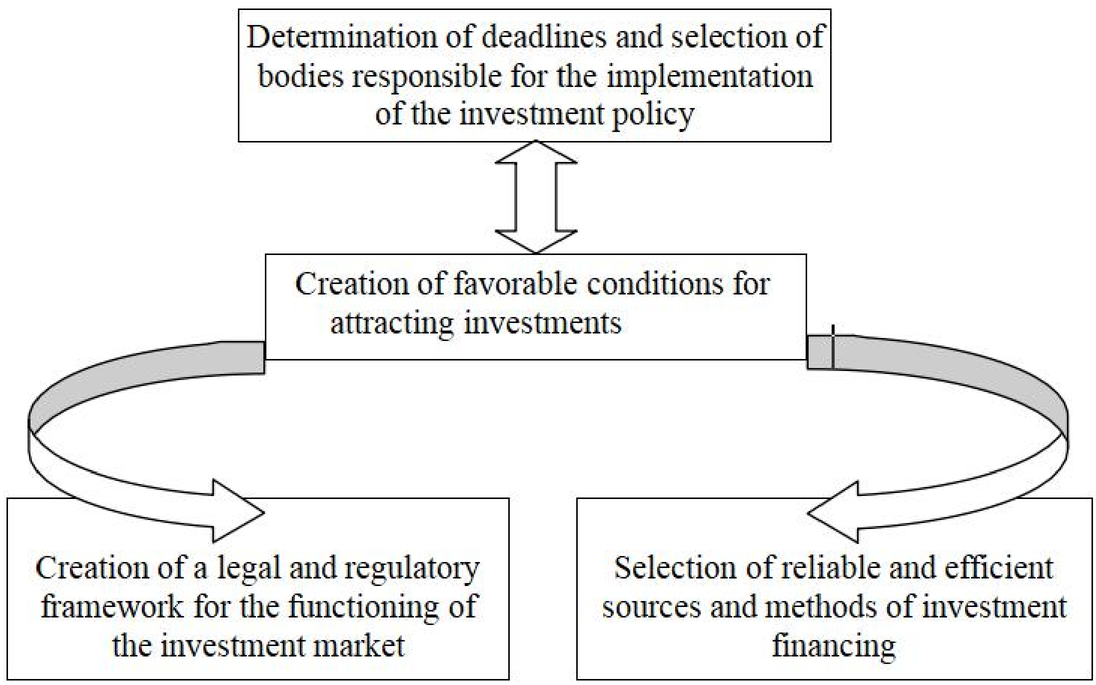

Figure 1 - Mechanism of investment policy implementation

State regulation of investment is aimed at ensuring maximum efficiency of investment. In the conditions of market relations there are direct and indirect methods of state regulation of investment activity, as well as administrative and economic means of this regulation.

Both methods and means are aimed at solving common goals and tasks.

Active impact of the state on investment processes is a necessary condition for ensuring a favorable investment climate and revitalization of investment activity, which allows to ensure stable development of the socio-economic system as a whole in the interests of the whole society.

Public investments are aimed at solving strategic tasks of state policy and are often not commercial in nature, so there is a perception of their low economic efficiency. The effectiveness of public investment should be considered on a national scale because of its focus on sustainable economic growth and social progress of society. Russia needs to create a mechanism to ensure the effectiveness of public investment. The main directions for the creation of such a mechanism have already been formulated. These include :

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- strengthening the program-targeted component of state regulation;

- development of project forms of cooperation between the state and business on the basis of joint financing of projects related to infrastructure support and strengthening the competitive position of the corporate sector of the economy;

- provision of capital transfers on a share basis for the socio-economic development of territories.
Indirect methods of state regulation involve only economic means of influence on investment processes. They include instruments of budgetary, tax, monetary and credit policy. They have an indirect impact on the subjects of the investment process, stimulating them to certain actions aimed at solving the tasks of the state investment policy. Table 1 presents the main methods of state regulation of investment activity at the regional level.

Table 1 - Methods of state regulation of investment activity at the regional level

Direct methods	Indirect methods
a) Targeted regional programs for the development of industry, agriculture, other sectors; b) Regional budgetary, extra-budgetary funds; c) direct capital state investments; d) Regional standards and norms; e) Quoting; f) licensing; g) Regional controlling blocks of shares; h) Regional and municipal ownership; i) Demand stimulation and price regulation; j) State financing of R&D; k) Subsidizing the costs of enterprises for patenting inventions abroad.	a) Tax rates and incentive-based preferential taxation; b) Tax vacations; c) Preferential loan rates; d) Credit measures to stimulate exports: e) provision of direct export credits; f) refinancing of export credits; g) insurance of export credits; h) state guarantees of credits for the development of production facilities prioritized from the point of view of the region's development; i) Investment tax credit; j) regional and municipal loans; k) payments for the use of regional and municipal resources; l) Payments for environmental pollution; m) guarantees and privileges to credit n) guarantees and privileges to credit institutions of the region providing investments in the regional economy.

It is necessary to mention the legal means of regulation of investment activity, which are realized through the system of norms and rules of civil and economic legislation, since the creation of the legal framework is exclusively the function of the state. Among the main instruments of this category, it is necessary to highlight such as conclusion of investment agreements and credit relations, development and adoption of state programs, issuance of laws, by-laws and the system of their implementation. Legal means ensure the realization of administrative and economic means of state influence.

The mechanism of state regulation of investment processes is a set of tools and methods of state

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influence on the investment policy of economic entities.
Conventionally, state instruments of investment policy can be divided into three groups: macroeconomic, microeconomic and institutional.
Macroeconomic instruments include those that determine the general economic climate of investment, namely those that influence the interest rate, economic growth rate and foreign trade regime (determined by a set of fiscal policy measures).
Microeconomic measures include those affecting individual components of investment or individual industries: tax rates, depreciation rules, guarantees, and preferential loans.
Institutional instruments make it possible to achieve coordination of investment programs of private investors and include state investment policy bodies, business associations, information systems.
Let us consider these tools in more detail. The state should allocate budgetary funds for the implementation of investment projects, since increasing the investment orientation of the budgetary system is the main task of the state at the present stage. Direct financing of investment projects from the state budget or granting favorable investment loans to state financial institutions is the main source of funds for capital investments in many countries of the world.
State financing of investment projects is practiced in Russia as well. However, the specific features of economic development of our country and some problems in the distribution of funds from the budget do not always allow to fully implement the planned financing of investments.
State regulation of investment activity is a system of legislative, executive and controlling measures implemented by authorized state institutions to stimulate investment activity and, on this basis, economic growth. The market mechanism implies freedom of economic choice and freedom of economic action in accordance with the goals and objectives of an economic entity.
Legislative regulation of investment activity is designed not to abolish the principles and mechanisms of market economy and not to replace them with directive management, but, on the contrary, to contribute to the creation of favorable conditions for the activation of investment activity of economic entities on the basis of the market mechanism.
The basic principles of investment activity in Uzbekistan are:
1. Equality of rights of investors:
- Ensuring equal rights and opportunities for all investors, regardless of the form of ownership and citizenship.
2. Protection of investors' rights:
- Guarantees of protection of the rights and legitimate interests of investors, including protection from unlawful interference of state bodies.
3. Freedom of investment activity:
- Absence of unreasonable restrictions and barriers to the implementation of investment activities.
4. Stability guarantees:
- Ensuring stability of legislation regulating investment activity.
5. State support for investment:
- Providing state support and assistance to investment activities.
6. Transparency and openness:
- Openness of information on investment opportunities and projects.
- Transparency of investment-related procedures and decision-making.
7. Prioritization of national interests:
- Ensuring that investment activities are in line with the national interests and strategic development goals of Uzbekistan.

These principles are enshrined in the legislation of Uzbekistan and define the main approaches to

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regulating and supporting investment activity in the country. In Uzbekistan, investment activity is regulated by general legislative acts rather than by a separate special law on investment. The main legal acts regulating investment activity in Uzbekistan are:

1. The Civil Code of the Republic of Uzbekistan
- Defines the basis of civil law regulation of investment activity.
2. Tax Code of the Republic of Uzbekistan
- Establishes tax exemptions and preferences for investors.
3 Customs Code of the Republic of Uzbekistan
- Regulates customs aspects of import of investment equipment and raw materials.
4. Labor Code of the Republic of Uzbekistan
- Defines legal norms in the sphere of labor relations with participation of foreign investors.
5. Law of the Republic of Uzbekistan "On Foreign Investments"
- Establishes general guarantees and rights of foreign investors.

Thus, in Uzbekistan there is no single special law on investments, and the regulation of investment activity is carried out through a system of general codes and laws. This is a peculiarity of legal regulation of investments in the country. In addition, there are also economic methods of state regulation of investment activity.

These include amortization policy, credit and currency policy, taxation system, budgetary investment, systems of state regulation of investment activity.

Since the state determines the common rules of the game in the investment market through the state investment policy to create a favorable investment climate, the functions of state regulation of investment activity in Uzbekistan are also defined:

- determining the directions of economic development of the country and elaboration of state investment programs;

- Conducting research and forecasting the development of the investment market;

- Creation of the economic foundations for investment activity

- formulating the economic and financial and credit policy of the State, taking into account measures to stimulate, regulate and control investment activity;

- organization of financing of especially important projects;

- monitoring of investment activity;

- development of a regulatory framework;

- licensing of certain types of activities.

Thus, the importance of state regulation of investment activity can be defined as the basis for the development of investment relations. State regulation unifies and determines the rules of investment activity, protects the rights of participants of investment relations, and the state itself acts as an investor.

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