THEORETICAL AND METHODOLOGICAL ESSENCE AND FOUNDATIONS OF THE INVESTMENT PROCESS

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Annotation. *This article analyzes the theoretical and methodological essence of the investment process. Investments are considered as a key factor in ensuring sustainable development of the national economy, increasing production capacity, and implementing technological modernization. The article discusses the main theoretical concepts of investments, risks and expectations, efficient resource allocation, and their positive impact on the economy. Detailed information is provided about methodological approaches such as investment project analysis, risk assessment, and diversification.*

Keywords: *Investment process, theoretical essence, methodological foundations, risk assessment, diversification, economic growth, capital.*

Currently, the investment process plays a crucial role in ensuring the sustainable development and modernization of the economy. Attracting investments, managing them efficiently, and fostering their development are among the fundamental factors that determine the success of any national economy. In particular, in the context of Uzbekistan, one of the urgent tasks is to transition to a new stage of socio-economic development by attracting investments in various sectors of the economy. The investment process is complex from both theoretical and methodological perspectives, encompassing various approaches and concepts. Successfully managing this process requires scientifically grounded approaches, thorough analysis, and strategic planning. Therefore, it is essential to analyze the essence of investments, their role in the economy, the characteristics of the investment process, and the factors influencing its development.

This article examines the theoretical and methodological foundations of the investment process, its impact on the economy, experiences of different countries, and factors driving the development of the investment process in Uzbekistan. Additionally, it provides suggestions for addressing the challenges associated with attracting investments. The primary goal of the article is to expand the theoretical and methodological knowledge necessary for effectively managing the investment process and to outline the scientific basis for its practical implementation.

The issue of investing in the national economy has consistently remained a central focus within the economic management system. This is because the investment-innovative development direction of the global economy and the national economies of developed countries is significantly activating scientific research toward new and theoretical approaches to investment activities. As globalization deepens and competition intensifies in the field of investment, challenges within this area are becoming increasingly relevant. Central to scientific discussions are the fundamental concepts, terms, and categories that define the key characteristics of investments.

The modern investment process represents a complex activity involving all participants in a market economy, aimed at increasing domestic capital, and is a crucial condition for the dynamic development of the entire economic system. The more active the development of investment processes, the faster market changes occur in a country. The results of these investment processes enhance the overall macroeconomic indicators of a country's economic development. Today, the dependence of national economies on investment activity is widely recognized by economists. In general, the significance of the investment process as a decisive factor in the country's economic development, both globally and within our country, requires additional study.

The term "investment" is derived from the Latin word "invest," meaning "to invest." In a broader sense, investments are assets placed with the objective of increasing capital. In the literature, local and foreign investments are defined in various ways. On one hand, it is seen as the allocation of long-term resources with the aim of generating future profits, and on the other hand, it involves creating production capacities and hiring employees. The most general definition of investment is the act of committing capital to an object or sector to obtain future income from current investment benefits.

Despite some discrepancies in the definitions provided by French scholars P. Massy and J. Keynes, they share a common methodological approach. J. Keynes defines investment as the current increase in capital asset value that is not consumed but saved from income over a certain period, resulting from production activities in the current period. In different interpretations proposed by representatives of various academic schools, the key and shared feature of the concept of "investment" is the primary goal of the investor, which is the link between the necessity of generating income and attracting investments.

Moreover, M. Blaug considers investments as funds, assets, and intellectual values owned by legal entities, individuals, and the state that are directed towards establishing new enterprises, repairing, upgrading, and re-equipping fixed assets, or acquiring real estate. Of course, for profit purposes, shares and other securities can also be circulated.

The investment process is the allocation of economic resources today to generate future income or economic benefit. Investments are typically made in various forms of capital, such as financial, real, or intellectual. The theoretical essence of this process is associated with several key factors:

1. **Capital Growth**: Investments enable the reallocation of economic resources, which leads to the expansion of production capacities.

2. **Risk and Return Expectations**: While any investment involves a certain level of risk, investors also consider the anticipated return. Minimizing risks and maximizing returns are fundamental aspects in making investment decisions.

3. **Efficient Resource Allocation:** The investment process helps allocate resources efficiently across various sectors of the economy, which is essential for the development of the national economy.

4. **Impact on Macroeconomic Growth**: Investments are one of the primary drivers of economic growth for a country. As investments increase, new opportunities arise, and both production volume and efficiency improve.

Modern approaches to explaining the investment process, particularly the characteristics of investments, include considering the formation of investments and the related production relations, the reproduction of investments, analyzing the potential subjects and objects of the investment process, and examining prospective sources of investment attraction. Therefore, modern macroeconomic theory views investments as part of total national expenditure, encompassing three main components:

1. all machinery and equipment, i.e., the tools and machines used in enterprises;
2. all buildings under construction and being repaired (industrial and residential buildings);
3. inventories of goods and materials.

The investment process is known as the movement and reproduction of capital, involving the production and accumulation of production and financial means to ensure capital reproduction. The investment sector covers all branches of the national economy, ensuring the accumulation of production means and financial resources and facilitating the reproduction of capital.

This approach encompasses a broad range of investment resources, including cash and cash equivalents, such as targeted deposits, working capital, shares, and stakes in the charter capital of enterprises; securities, such as stocks or bonds; loans, mortgages, collateral, and other forms; as well as land, buildings, structures, machines, equipment, measuring and testing instruments, fittings, tools, and any other property. It should be noted that studying the investment process systematically allows for understanding its nature as a complex economic category and highlighting its features. Additionally, interpreting the investment process in consideration of the investment subjects interested in achieving a specific investment objective is also appropriate.

In conclusion, it can be said that investments play an exceptionally important role in the development of the national economy, and the investment process is a decisive factor in economic progress. This process involves the allocation of investment resources to real assets to achieve the expected level of return in the form of material profit or social benefits. Thus, investments play a leading role in restructuring the national economy, ensuring technological advancement, and enhancing the characteristics of economic activity. Investments serve as a source of capital in the form of modern means of production, contributing to improved living standards, expansion of innovative activities, and increased labor productivity in the country. The vitality and competitiveness of any socio-economic system largely depend on a rational investment policy, which will be the subject of our further research.

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