

## INVESTMENTS FOR INNOVATIVE ACTIVITIES IN THE INDUSTRIES

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**Abstract:** *The scientific article describes investments for innovative activities of industries and changes of gross value production of enterprises of the Republic Uzbekistan. Moreover, the ways of investments for the industries are presented as well.*

**Key words:** *investments, innovation, industries, development, integration, medium and large enterprises, economy, modernization, manufacture and production.*

**Introduction.** Almost all spheres, from the heavy industry to light, from processing of agricultural production before scientific manufacture, the small, medium and large enterprises in the republic of Uzbekistan conduct the vigorous activity in the conditions of modernization and economy integration in the world community. They accordingly use all factors for development of manufacture and in interrelation maintenance, such as the earth, natural and manpower investments, a modern information technology, technics and technologies.

It is necessary to notice that national wealth or its potential is reached for the account of action of several generations and all society. In this plan, a problem of the industrial enterprises is to protect and effectively to use this wealth. The least deviation from the above-stated principles in housekeeping will lead to decrease in efficiency of a social production, a negligence and waste of the blessings. Certainly, in this plan it to concern and the industrial enterprises.

As well as all branches of the industrial enterprises, their activity changes in the conditions of market economy. They first of all, struggle to development and preservation of the volumes of output, secondly, struggle to improvement of quality and increase in quantity of production, thirdly, to preservation of the authority and keeping of the consumers in the market. Such actions form a rigid competition, leads to improvement of relations between various kinds of the enterprises, and also, to increase in a production efficiency in the conditions of market reforms.

**Literature review.** The issues and researches of improving the mechanism of financial incentives for innovative activities in industrial enterprises are reflected in the scientific research of famous foreign scientists E. Mansfield, Y. Schumpeter, V. Rügemer, S. Tatsun, B. Tviss, B. Santo, K. Openlender, K. Christensen, P. Doyle, P. Drucker, A. Barker, B. Milner and others.

In economic literature, in most cases, they approach the classification of innovations according to material criteria and note the following types of them:

- product innovations (new products in the production or consumption sectors);
- technological innovations (new production technologies);
- organizational and management innovations (new methods of production management and work organization);

- social innovations.

The last three types of innovations can also be called process innovations. Such innovations also create an opportunity to reduce costs and obtain additional profits. Because as a result of them, the production of new products is mastered or the quality of existing products is improved. However, the main type of innovations is in the form of product innovations. It should be noted that, as a rule, any innovation simultaneously embodies all four of the above signs in various combinations.

In the areas of industries different methods of investments were attracted such as funds and innovative technologies. Especially, technologies in the light industry like textile companies are implementing modern technologies brought from Italy, Japan, Taiwan and China. Consequently, most products of these companies are being exported to Europe and other countries and their qualities are high and competitive.

Moreover, in the conditions of market economy in difference from administrative system of management the economic activities are base of all economy as a whole, namely development of the industrial enterprises as the basic branch of social manufacture and is the primary goal which it is necessary to solve. Including, certain technological processes in manufacture and service, the knowledge and skills of people, a division of labor and other such programs is necessary to consider instruments of labor.

In addition, to carry out interrelation of industrial means and manufacture processes in the enterprises, also volumes and assortments of the goods, formation of the prices between consumers and suppliers of raw materials, economical use of resources, support of shots, decisions of problems on use of highly effective technics and technology.

It is expedient to carry out programs of investment and increase in input of the investment into the industrial enterprises in quality increase in economic efficiency of the industrial enterprises and on the basis of it increase in a standard of living of the population. In this direction in Uzbekistan the corresponding investment environment and a favorable circumstances for input of investors with ample opportunities for modernization, wealth of the country in natural resources and their extraction, the organizations of the enterprises for processing etc. is created

**Results.** As a result of economic reforms in the Republic of Uzbekistan as it was estimated that the spheres of the industry as light, food and building materials, where a lot of labor increase required in workers from 100 (as earlier) to 200 persons is the important decision in system of actions and encouragements of small business.

It is necessary to notice that any enterprise requires investments for undertaking of the activity, expansion and updating. Development of the investment enterprises is a primary factor of maintenance of economic growth. The future development of economy of the Republic of Uzbekistan on the basis of the modernization, new technician and technologies, namely, attraction in investment economy, also, an effective utilization of investments in carrying out economic reforms.

Therefore the volume of entered investments in a period of several years in development of industrial branch and maintenance of competitiveness of producing

goods increases. Certainly, such changes we will consider on a basis econometric analysis and it is expedient to result scientific conclusions and offers.

Innovations can be divided into technological and non-technological innovations. Technological innovations are directly reflected in the results of production. They include changes in production methods, tools and technologies. Technological innovations form the basis of technological progress. Therefore, researchers often pay attention to them.

From the point of view of the financial incentives for innovation, product innovations are more attractive. This is because the new product allows for faster, higher profits while gaining a dominant position in the market before its competitors appear. Technological innovation is important for products that have already established a niche in the market. It is possible to achieve the corresponding financial results by reducing the price or improving the quality of the product. Technological innovation is usually a rather complicated process in terms of financial relations and relationships.

Unlike the above, organizational management innovations in most cases do not require significant financial resources. However, their connection with the human factor and the use of human capital also seriously complicates the inherent financial incentive mechanism.

Social innovations do not directly generate financial results. More precisely, the financial results are mainly enjoyed by consumers, not financiers. However, such innovations are important for the company's position in society and, therefore, in the market.

In most cases, depending on their financial capabilities, smaller industrial enterprises are more inclined to product innovations, medium-sized enterprises to technological innovations, and large enterprises to social innovations. Although social innovations do not bring direct financial and economic benefits, they help to increase and accelerate the effectiveness of product innovations or technological innovations.

From a financial and economic point of view, scientific and technical development, which characterizes innovations, should be considered as technological process innovation and product innovation on an enterprise scale. In this approach, technological innovation and product innovation are mutually coordinated, including the optimal directions of financial flows are determined when solving issues in this process. In other words, financing the renewal of the technical and technological level of production is carried out in accordance with the stages of the product life cycle. Investments in new technologies are considered effective for a long period of time in terms of profitability or financial results. However, it is in this direction that the level of financial risks is higher. Therefore, investors approach technological innovations with caution, preferring previously proven technologies. Another financial aspect of the issue is that this direction is capital intensive and requires less labor.



1-Fig. Econometric model of introduced investments into the industry<sup>32</sup>

**Discussion.** Fig.-1 agrees to the data, about 200 years for 2007 the schedule of volume of the entered investments into industrial branch coincides with exponential modeling schedule. But the real volume of the entered investments has increased in a period of 2007-2009 than volume exponential modeling schedule, namely 2008 was equal to 2223,2 billion som, and in 2009 has made 3293,8 billion som. The exponential model makes 1982,7 billion som and 2626,5 billion som, and the difference between them in 2008 makes 240,5 billion som and 667,3 billion som accordingly.

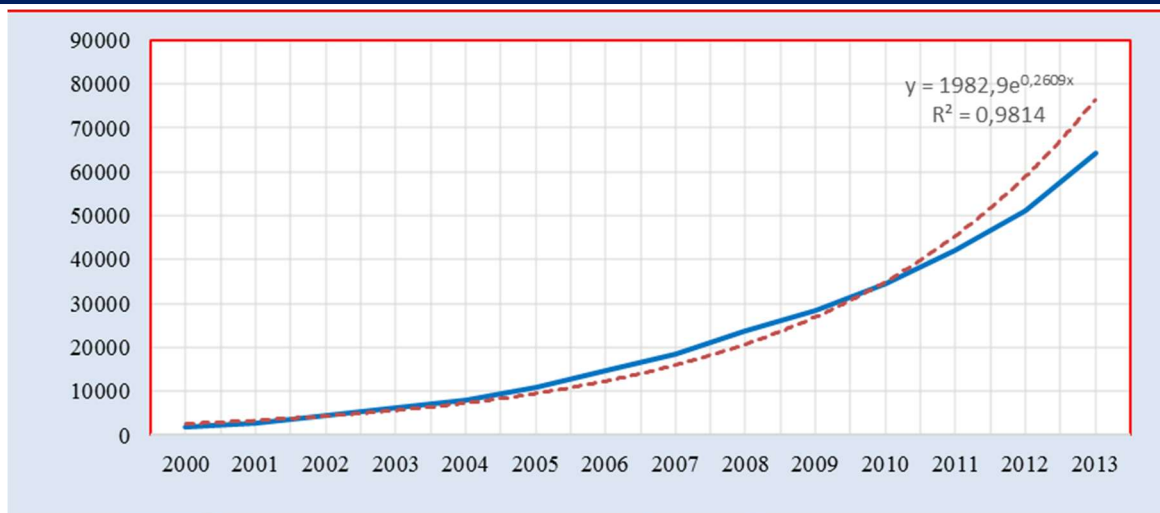
It is very important to note, changes carrying out of careful reforms in the country, despite world financial and economic crisis all over the world. Besides, stability of the investment environment and investment appeal of the Republic of Uzbekistan is favorable circumstances for input of foreign investments.

According to fig-1, it is possible to tell that, in 2013 the volume of the entered investments into industrial branch has increased on 44,3 times and makes 9813,4 billion som. But according to results of the analysis, cost of really entered investments in 2013 on exponential models was reduced to 901,8 billion som.

Therefore one of features introduced investment of the policy is the organization of new manufacture on the basis of high technologies and an effective utilization of local raw materials in manufacture.

One of ways of maintenance of social and economic development in the Republic of Uzbekistan is development the industry high tendencies. Naturally, for development, first of all, it is necessary to know all possibilities and a condition of the enterprises and for this purpose it is necessary to study carefully comprehensively interrelation of some factors. First of all, it should be carried out the analysis of dynamics of all volumes of output of industrial branch.

<sup>32</sup> State Statistics Committee of the Republic of Uzbekistan. 2015.



**2-Fig. Exponential model of total amount of industrial production for 2000-2013(in billion soums)<sup>33</sup>**

Using the data fig-2, it is necessary to notice that cost of real volume of all manufacture in 2013 of the industry of the enterprises has increased, than in 2002 on 34,1 % for the 64355,0 billion soums, in the ratio with exponential models the total cost was reduced to 12135,0 billion soums.

The essence of reduction of cost of a real volume of output of the industrial enterprises, in comparison with exponential model, firstly, volume of cost real entered is less than cost exponential than model, secondly, the initial condition of manufacture in relation to other periods is taken by invariable and at last, thirdly, it is necessary to consider, the structure of influencing factors is taken not completely.

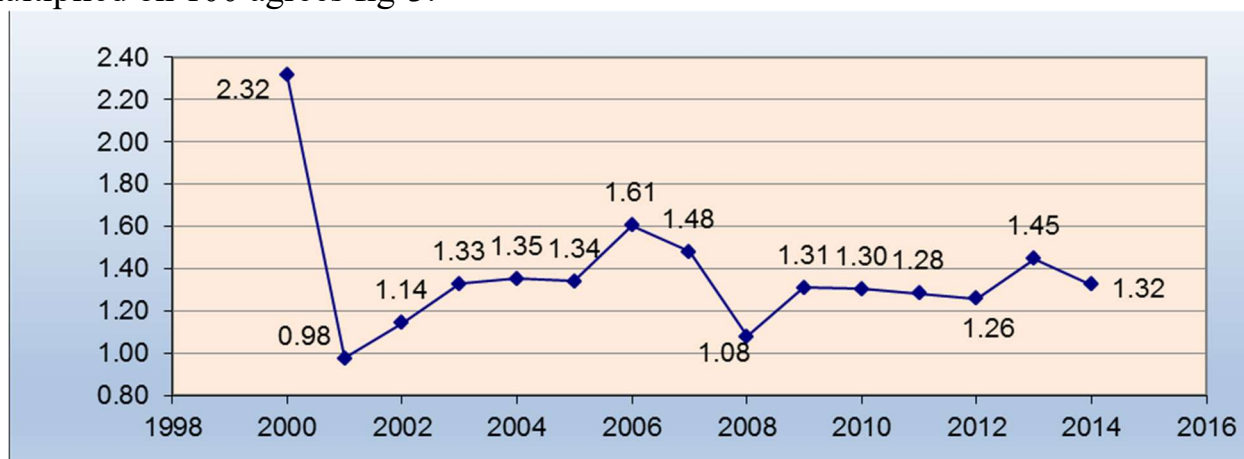
It is necessary to consider practice of attraction of foreign investments, to study structure of models and their achievement more deeply. Considering features of our country, correct modeling of economy and compound changes favorably is necessary influence economy, and will bring to the country positive results.

The national model introduced today serves as the important factor in national economy development. National economy modernization forms necessity of strengthening of investment activity and it in turn gives the chance improvements of the investment environment in the country, deepening economic and institutional reforms. Maintenance of economic stability of the country leads to appreciable improvement of investment activity and increase in efficiency of capital investments directed on improvement of national economy.

For careful studying of activity of industrial sphere in a national economy indicators of additional level of growth will be purposefully carried out by the analysis in which, indicators of additional level of growth the following level of growth is taken

<sup>33</sup>State Statistics Committee of the Republic of Uzbekistan. 2015.

away from an initial indicator of level of growth, to share on level of the period and is multiplied on 100 agrees fig-3.



**3-Fig. Additional model of growth of industrial production<sup>34</sup>**

Additional level of growth of manufacture of the industry of the country in 2013 has increased on 12,5 %, than in 200 year and has reached 44,6 %. Certainly to such positive results, first of all, it is possible to cite as an example Decree PC 1442 about «Priority directions for industry developments in the Republic of Uzbekistan for 2011-2015».

In this Decree the complex program of development of the industry and its modernization, the technological updating, new created large investment projects, such as:

- Modernization of the industrial enterprises in a vast scale, technological updating, their equipment by the advanced high technologies, introduction of leading and innovative technologies and modern scientific achievements in the industries, expansion of preparation of highly-skilled personnel for industrial branch;
- The manufacture diversification, stable growth of an export potential on the basis of deep and qualitative processing of local raw materials, increase in manufacture of competitive production directed for export, are given a number of priority directions of maintenance of expansion and their commodity markets.

**Conclusion.** It is necessary to draw a conclusion that modernization of industrial branch of the Republic of Uzbekistan, technological updating and development demands large-scale use of foreign investments and an effective utilization of every entered sum of investment.

Therefore, innovative activities and technologies are in high demand in the country among the enterprises so that they are able to compete with each other in products qualities and prices. By this way, companies can export their products and survive not only in the local market but also in the global market.

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