



VENTURE INVESTMENT AND PROSPECTS FOR ITS APPLICATION IN THE DEVELOPMENT OF THE COUNTRY

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Abstract

The article discusses current issues of venture capital investment, defines the role and main directions of the state's influence on the formation of venture capital funds, suggests options for improving the venture capital market and draws appropriate conclusions.

Keywords: innovation, investment, innovation strategy, startup projects, venture capital, venture capital market, venture capital investments, venture capital industry.

In the context of increasing globalization and deepening international division of labor the transition from exporting raw materials to an innovative economy has become a major challenge for Uzbekistan. As world practice shows, the most promising sources of financing for innovative development are the attraction of venture capital funds. The huge achievements of the developed countries of the West clearly indicate that traditional banking capital is not able to fully finance small businesses that introduce new technologies. As a consequence, it is necessary to develop non-traditional, more efficient sources of investment, in particular, venture capital. Practice has shown that in a short period of time, venture capital in developed countries has played a crucial role in the implementation of major scientific and technological innovations in various fields.

It should be noted that, in general, venture capital is an independent form of financial capital, which has its own specific features, as well as its own history from different stages of formation and development of the functions performed [1]. In modern conditions, it seems to be turning into a kind of trigger mechanism for creating new and improving existing industries based on the widespread use of the achievements of scientific and technological progress and IT technologies.

Foreign projects play an important role in venture capital investment. Investment in foreign projects indicate an increase in investment in them with the participation of



Uzbek investors. According to the Investment Program for 2019, within the framework of more than 3.2 thousand projects, an investment of nearly \$ 14 billion. In particular, more than 4 billions of dollars of foreign direct investment [2].

Development of the venture capital and private equity industry in Uzbekistan in at the moment is one of the priority directions of the state innovation policy and a necessary condition for enhancing innovation and increasing the competitiveness of domestic industry and other sectors of the national economy in the market for goods and services. In this regard, a number of measures have been implemented in the country that will transfer venture investment to a qualitatively new level.

In improving the investment climate, the main task of the state is to correctly determine the main directions and the degree of its participation in this important matter, as well as the role and importance of the private sector and ways to enhance its involvement in investment processes on an innovative basis. Government measures to promote and support venture financing of innovative projects seem to fill up the insufficient volumes and gaps in the private investment markets and thereby create favorable conditions for the formation and development of small innovative enterprises.

So, on November 24, 2018, the Decree of the President of the Republic of Uzbekistan “On additional measures to improve the mechanisms for financing projects in the field entrepreneurship and innovation”[3], according to which the creation of investment and management companies in order to promptly and effectively attract investment deposits of investors, primarily foreign ones. In accordance with the Decree: Created venture funds, high-tech entrepreneurial start-up projects and high-tech start-up projects, co-financed from venture funds will exempt from all types of taxes and mandatory payments for several years, for with the exception of a single social payment.

In most countries with progressive market economies, small and medium-sized enterprises (SMEs) provide between half and three quarters of national income and are the most important the engine of financial recovery. In 2017, the share of small business and private entrepreneurship in GDP was 53.3% or 119301 billion soums (in Japan - 55%, Germany - 54%, USA - 52%, Kazakhstan - 25.6%, Russia - 20%) ... [4] These figures speak for themselves and create the necessary prerequisites for the accelerated development of venture capital investment in Uzbekistan.

The special significance and increased role of venture investment projects in Uzbekistan at this stage of development are due to the actualization in the country of



the problems of digitalization of the economy and the intensive development of high-tech production in the face of an acute shortage of investment resources.

The most promising areas for the development of venture capital investment in Uzbekistan are: deep study of the advanced experience of the leading countries of the world in the field of the venture industry with the aim of its creative application in relation to the conditions of Uzbekistan; enhanced training for the needs of this industry; expansion and development of scientific, theoretical and applied research on the problems of venture investment at the republican and regional levels; development and application of mechanisms for attracting private savings of the population into investments and turning it into a major source of financing for innovative projects.

Note that venture investment is not an absolutely universal tool. solving all important problems of financing investment projects. However, in the conditions the onset of the global economic crisis, the real scale and consequences of which are still unpredictable, the role of venture capital is greatly increasing, since a full-fledged the functioning and development of any growing economy in the context of the global economic crisis is not possible without expanding the reproductive process on an innovative basis.

The crisis phenomena occurring in the context of the coronavirus pandemic in national economies of all countries of the world, without exception, which have already become a reality, now continue to expand and penetrate into the entire world space. Under pressure crisis processes weaken the national economies of states. This is reflected in the redistribution of resources and a decrease in production volumes, which entails the curtailment of social programs, the devaluation of national economies, the strengthening of state borders, and a decrease in cross-border capital flows. And here the economy of Uzbekistan is no exception.

In a modern economy, which is accompanied by a strong negative impact crisis of the global financial environment, only a few entrepreneurs have sufficient own savings, capable of financing all the activities of the company, but in conditions limited use of equity or borrowed capital, allows you to solve the problem of attracting financial and intangible assets (including in the form of experience, connections, etc.) in innovative projects, which in turn contributes to the active formation of competitive advantages in the world market, as well as the development science and technology in general.

Currently, in Uzbekistan, the development of the market for venture capital investments and direct investment of innovations is an important priority direction of the state macroeconomic policy and increasing the competitiveness of industry and other sectors



of the national economy in the world market of goods and services. In this regard, the country has implemented a number of measures that laid the foundation for venture capital investment in Uzbekistan.

However, only under the condition of thoughtful and coordinated actions of both state and private structures, the Uzbek venture investment market has a prospect for the progressive development of financial goals.

It seems to us that only the development and successful implementation of an innovative strategy development of enterprises in all sectors and spheres of the economy ensures the effective distribution and use of valuable investment resources and, on this basis, the stable position of the domestic national economy in the international market in difficult conditions of the growing crisis and bring the country to new frontiers of economic growth. Otherwise, the national economy of the country may find itself in a difficult situation.

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