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Methods for Assessing the Economic Efficiency of Investments in Construction

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Abstract: The article discusses the role of the building materials industry in the economy of Uzbekistan, long-term plans for the impact of corporate governance on the target direction of building materials. The current state of the construction industry is summarized, the structure of investments in fixed capital is analyzed. Using the macroeconomic multiplier, the contribution of construction to the development of other sectors of the economy of Uzbekistan was studied.

Keywords: Construction; construction sector; investments; investment processes; cartoon effect; National economy; housing fund.

Introduction:

Investment activity is a set of practical actions of individuals and legal entities to implement investments in industry, agriculture, energy, transport and other sectors of the national economy. As an investment, an investor can use cash, bank deposits, shares, bonds, bills and other securities that have an official status on the stock market, movable and immovable property (buildings and structures, machinery and mechanisms), material assets, intellectual assets, secured by copyright for discoveries, inventions, know-how, design and engineering developments, land plots and other natural resources owned by the investor and representing a certain value.

Investment activity consists of such elements as the development of investment intentions, the development of an investment project, the identification of sources of investment and the establishment of contractual relations, the organization of construction activities of the facility and ensuring its functioning in accordance with the requirements of the project.

Sources of investment can be budgetary, own, borrowed and borrowed funds. Funds are usually allocated from the federal budget for the implementation of nationwide large-scale programs and projects. As the main sources of investment funds of the owner, joint-stock company or any other business entity, first of all, there can be depreciation and profit, as well as funds from the sale of shares, bank loans. The interest of both legal entities and individuals in investing capital in a certain area is determined by the amount of income. If the investments made will bring a higher income compared to investing in other areas, for example, in commercial banks, investors will invest in the development of production, capital construction. As this segment of the market is saturated with capital, investments are redistributed to other, more profitable areas.

Analysis of the relevant literature

The idea of a multiplier was developed in numerous works by a number of well-known foreign and domestic economists, among which stand out J. Keynes, R. Kahn, K. Viksel, M. Tugan-Baranovsky, A. Spitgof, E. Hansen, P. Samuelson, J. Clark, A. Pigou, R. Harrod, V. Leontiev. The problems of using a systematic approach in the study of macroeconomic processes and the multiplier effects manifested in them have been worked out quite deeply in domestic economic

science. The traditional research tool here was the intersectoral balance of production and distribution of products. A great contribution to the development of these problems was made by A.G. Aganbegyan, M.M. Albegov, E.D. Baranov, V.D. Belkin, A.G. Granberg et al. Scientific consideration of the problem of the economic role of construction in the development of investment processes of national economies is given much attention to domestic, both Russian (A. Asaul, V. Lisin, V. Serov, A. Shokhin, E. Yasin, etc.), and foreign (M. Braun, D. Weimer, V. Kravchenko, V. Polyachenko, R. Kharms) authors. Most of their works have laid a strong theoretical foundation for research, but all of these today there is an acute shortage of fresh assessments of the role of the construction sector in boosting GDP in Uzbekistan.

Research methodology

Based on a comprehensive study of the features of the construction industry, in particular housing construction in the developed and post-socialist countries of the world, in the activation of investment processes in national economies, to propose directions for the activation of investment processes for Uzbekistan.

Analysis and results

Today, there are about 1.5 million builders in the industry. As of June 1, 2021, the number of enterprises and organizations in the construction sector reached 43.3 thousand units, which is 5 thousand more compared to the same period last year. Of the total number of construction enterprises, 56.9% relate to the construction of buildings and structures, 9.9% - to the construction of civil facilities, 33.2% carry out specialized construction work.

According to the State Statistics Committee, construction costs for the first half of 2021 amounted to 48.6 trillion soums. Compared to last year, the growth rate was 100.1%. At the same time, state organizations completed construction work in the amount of more than 1 trillion 971 billion soums. Thus, their share in the republic is 4.1%. Housing construction remains the locomotive of the construction industry. By the way, it was the housing sector that most quickly entered the phase of recovery growth, "beating off" the losses of the pandemic 2020.

Currently, about 12.5 thousand enterprises for the production of building materials operate in Uzbekistan, the number of types of which exceeded 180. By 2020, 626 international standards for the production of high-quality and safe building materials have been adopted.

As of July 1, 2021, the number of construction enterprises and organizations related to the construction industry increased by 135.0% compared to the same period in 2019 and is one of the sectors with stable growth rates.

The main factor that influenced the increased number of enterprises in the construction industry as of July 1, 2021 by 113.0%, when compared with the corresponding period of 2020, is the increase in the number of operating enterprises in the construction of buildings and structures by 56.9% (of the total number enterprises in the construction industry) (growth rate - 111.0%), civil facilities - by 9.9% (growth rate - 115.9%), specialized construction works - by 33.2% (growth rate - 115.7 %).

The volume of construction work performed by large construction organizations in January-June this year amounted to 12,114.5 billion soums. Compared to the corresponding period of 2020, in the period under review, the growth rate of construction work reached 85.7%, and their share in the total volume decreased by 4.5% and amounted to 24.9%.

Most construction companies are in Tashkent - 19.7% of the total share in the republic. Least of all construction companies operate in the Syrdarya and Navoi regions - 3.6% and 3.7%, respectively. Meanwhile, the highest share in the volume of construction work performed by large construction organizations was noted in Tashkent (27.8% of the total volume of construction work in this region, or 128.1% than in the corresponding period of 2020), Navoi region (22.7% of the total construction work in this region, or 87.7% compared to the same

period in 2020) and Kashkadarya region (21.3% of the total construction work in the region, or 166.2% than in the corresponding period of 2020).

The volume of construction work performed by small enterprises and micro-firms, compared with other organizations, increased in January-June 2021, their share amounted to 56.7% of the total, which is 2.3% more when compared with the same period last year. Thus, the volume of construction work performed by them amounted to 27545.9 billion soums, in relation to January-June 2020, the growth rate reached 104.5%.

Conclusions and suggestions

On the basis of the above studies, the following general conclusions can be drawn. To predict the overall effect of investments in the construction sector of the economy, as well as the corresponding generalizing (multiplicative) effect, it is necessary to develop a dynamic time model. It should allow determining income by periods of time from the beginning of these investments and at certain intervals. In order to increase the return on investment in construction, it is advisable to take an inventory of a number of existing state programs in order to identify and evaluate the needs and new requirements that arise in this area for related sectors and for regions where large-scale events are being implemented. This would make it possible to avoid imbalances in the development of related sectors and to fully realize multiplier effects. When assessing the priority of various areas of construction, it is important to proceed not only from estimates of their overall impact on the pace of investment processes, but also taking into account estimates of their impact on job creation. The development of construction can become a very important element not only for the diversification of the Russian economy, but also for ensuring the balanced development of Russian regions. Many multiplier effects can be realized only with a coordinated policy for the development of related sectors.

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