
The Economic Content, Importance and Main Principles of Investing in the Activities of Small Business Entities

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In the conditions of digitization of the economy, the development of production activities of small business entities depends to a certain extent on the level of investment resources. Entrepreneurs do not always have enough investment funds in their activities. Because the circular motion of the production process is not always smooth.

In its circular movement, investment funds can be money, productive capital, means of production, raw materials, finished goods or work-in-progress. Entrepreneurs do not always have enough funds to carry out production in order to ensure continuous uninterrupted production. The sum of the general financial means consists of investment and innovation funds. Since investment and innovation funds are limited, it is necessary to use them effectively.

Investment funds are used for the purchase of production tools, technologies, machines and real estate. Of course, these expenses will not be covered quickly and in the short term. They are paid for several years.

After deducting the depreciation fund allocated for fixed assets from the gross investment funds, the remaining amount is the net investment funds. Because the depreciation fund is mainly used to cover the costs of the means of production consumed in the production process. But amortization funds are used within the specified periods. The rest of the time is as idle capital. Therefore, we believe that they can be used as temporary investment funds for effective use. Therefore, economic growth can be formed in the form of net investment funds only when the gross investment funds exceed the funds of the depreciation fund. In the case of economic depression, gross investment is less than depreciation fund expenses, which means that net investment funds are not generated. The level of investment is related to the development of science and technology, political and economic stability, and the level of stability of the state taxation system. During the transition of the republic's economy to a liberalized market economy, it is necessary to invest the economy and attract the necessary amount of investments, to form investment relations based on the economic laws of the market economy.

Investing in the production process, forming investment relations, and improving it can be carried out only and only in the conditions of a market economy where investment is liberalized. Funds allocated to the budget were used for long-term and short-term capital investments. However, these funds were allocated from state revenues for capital investments, and after the end of their useful life, they were not returned to the state by the subjects using this capital. The subjects were obliged to pay interest for the investment funds for a certain period of time, and return them after the end of the period of use of the received investment funds. The difference between investment funds and subsidizing entities through the state budget is that the state budget allocates capital funds to production sectors and entities in a planned and centralized manner on the basis of non-return. Based on the laws of the market economy, investment funds represent economic relations between subjects in the market economy. These received investment funds are returned by entities with interest payments for their use, that is, investment funds are in economic activity.

It should be noted that in the conditions of the market economy, although investment and innovation act as an independent economic category as the main factor of the market economy, they are economically inextricably linked with the state budget and together form the budget-investment and innovation system. Because through the budget, both investment and innovation

funds are allocated for the development of production sectors important at the state level. For example, fuel and energy independence are of great importance in economic strengthening of independence, or social protection of the population, especially the less well-off part, and the funds allocated for the training of highly qualified personnel are the funds of the state budget. The formation and content of investment and innovation in the conditions of the market economy, of course, differs from capital investments in the former totalitarian administrative bureaucratic system.

Because in the conditions of the market economy, the formation of investment and innovation funds and investment systems is carried out with the active participation of physical and legal entities based on various forms of ownership. That is, the formation of almost the main part of investment funds is being formed at the expense of entities that are owners of various property objects. These investment and innovation funds are being used to develop the republic's economy and its various production sectors.

The development of each country's economy is related to economic laws, production, expanded reproduction, capital accumulation, investment and innovation theories.

Investment and innovation are economic categories, and in their interdependence, the economic and social sustainable development of the national economy depends on the economic and social policy established by the state. The implementation of the economic and social policy of the state depends on the amount of investment and innovation funds necessary for the development of the national economy. Investment is derived from the Latin word "invest" and refers to the sum of capital funds spent on the long-term development of enterprise activities in the production process based on the current market economy. Investment funds are mainly funds for the long-term development of the enterprise's production process, and are spent on the purchase of innovative production tools, equipment and production technologies, raw materials, resources, and ready-made innovative products necessary for the organization of a certain production process.

Investment funds can usually be in the form of gross and partial investment. The gross investment of the company is made up of the company's depreciation allowances. Depreciation allowances consist of depreciation allowances received from enterprises using the production process. Investment represents additional capital funds spent on the development of production enterprises. If the gross investment funds in the enterprise are more than the depreciation allowances, then it can be seen that the investment funds are being used effectively.

The growth of investment costs is an objective situation, which is mainly related to meeting the economic and social demands of society members. If investment allocations are less in value than depreciation allocations, this investment ratio will be relatively negative. If the level of these two indicators is the same, it means that there is no change in the economy. If production enterprises need additional investment funds for the development of their activities, they can attract additional funds through investment capital.

Attracting private funds to production enterprises is carried out only at the expense of their own personal funds. Use of private funds in the form of investment funds is possible only through the financial market. The development of investment activities depends on the investment mechanism, which depends on investment infrastructures. These infrastructures include credit unions, commercial banks, trust companies, investment companies, and mutual funds. World economists have made great contributions to the development of the theory of investment and innovation.

In particular, the French scientist F. Keene analyzed the simple reproduction process in his original model of reproduction. His theory has a class classification, he considered capitalist-farmers and workers, landowners as the productive class. It expresses reproduction not only through the production of material wealth, but also through the reproduction of classes, including the production of relations of production. Therefore, since F.Keene analyzes simple reproduction, he takes into account foreign trade and price changes. His main goal in the theory of reproduction

was the problem of selling products. It is self-evident that the issues of capital and additional capital necessary for the expansion of the production process did not take place in his theory.

Although the theory of F. Keene theoretically enriched the science to a certain extent, the theory of production was considered for the first time at the level of society, but it had a class character and could not reveal the main source of reproduction.

The main content of Marx's theory of reproduction is to ensure that material wealth in any society is constantly returned to production, to reproduce social capital in the process of production and circulation, linked through market mechanisms. In this, social products are produced in the process of social production there is a problem of selling. Marx's theory of reproduction consists of 4 stages-production, distribution, exchange, and consumption, and defines surplus value as the accumulation of expanded reproduction. Marx's theory of reproduction is a theory with a class content and considers surplus value as the source of the expansion of social capital rather than accumulation as the source of expanded reproduction¹. He divided the subjects of production into capitalists who owned property and hired labor who did not. As a result, we believe that this is the reason for the emergence of the theory of added value.

Continuous development of society in the developing countries in the conditions of the market economy is represented by Western economists in the model of economic circulation as follows.

In the economic model of the circular movement of this continuous production, it can be seen that the main condition for expanded reproduction is the growth of monetary income of subjects. Most foreign scientists' scientific research on "investment and innovation" is devoted to the income from investment and its level of risk. The risk level of investment income is expressed in the difference of the expected income compared to the actual income.

Economist A. Pigou came to the conclusion that "investment is the basis of social stability" based on the scientific analysis of the risk level of investment and the income that comes from it. G. Schroeder mentioned that it is possible to determine the level of issuance of securities based on determining the level of its optimal and investment, taking into account the riskiness of the income from the formation of the investment portfolio. Some economists see "Investment as property intellectual value, spending it on various labor activities for the purpose of earning income."²

Some economists divide investment into financial and real investment. By financial investment they understand the expenses spent on securities. Real investment is seen in the creation of new production factors for production. Real investment is seen in the formation of capital funds of the enterprise, housing construction and land leasing, and insurance funds.³ Some economists believe that "investment is the use of capital for the development of production in the long and short term⁴" while others rate it as "investment is an expense spent on expanding production and improving product quality"⁵ they think that. "Investment is a condition for the implementation of any entrepreneurial project, which in the form of money buys the resources necessary to establish a new business"⁶. V. Matveev "Investment is money spent on long-term work, it represents expenses spent on fixed capital, fixed funds"⁷. Lawrence Gitman and Michael D. Jonklar says, "Investment is a weapon, in which money should be placed, its value should be maintained or increased, and the necessary income should be provided. Free money is not an investment, it can be consumed by inflation and not provide any return because the investment guarantees a certain return"⁸ they think that.

¹Economic theory. "East" T. 1999, 287-289

²Economic theory Minsk. 1996, 129 p.

³Sajina M.A., Chibrikov G.G. osnovy ekonomicheskaya teorii M.: Ekonomika, 1995, 141p.

⁴Ulmasov A. Tukhliev N. Market economy, Komuslar editor-in-chief, 1991, 41p.

⁵Economic theory., T.: 1999g., 129p.

⁶Bogatin Yu.V., Shender V.A. Rating of business efficiency and investment. M.: 1999. 415 p.

⁷Matveev V.T. Basic economic science. T.: 1998, 448. 295p.

⁸Lawrence Dj. Gitman, Michael Djonk. Osnova investirovaniya.- M.: 1997. 10 p.

The role of investment in ensuring macroeconomic stability and production in economic growth was explained by the English economist J. Keynes believes that "in order to ensure macroeconomic stability in the conditions of the market economy, it is necessary to encourage public private investments, the expansion of the system of public orders, and the growth of social expenses. J. Keynes believed that in order to create income and new savings, for the development of production, investments are made, not monetary savings. . J. Keynes, who called this multiplier efficiency, believed that one of the ways to increase the solvency of the population is to provide jobs to the working population and increase their nominal wages. J. Keynes' model of economic growth is based on public finance, i.e. the growth of government expenditures, the growing taxation system, and the budget deficit. In conclusion, the growth of investment leads to the growth of population employment⁹.

Based on the application of J. Keynes's theory to the cyclical theory of the economy, the American economist E. Hansen reveals that it is possible to prevent periodic fluctuations in the labor resources of the state production and population by increasing investment costs in the state of economic stress and reducing investment costs in the stage of overproduction.¹⁰

The American economist R. Solow, winner of the Nobel Prize in his production model, studied the effects of ensuring a stable growth rate, finding a high level of consumption, increasing the involvement of the population in production and applying new production technologies on economic growth, and came to the following scientific and theoretical conclusion, that is, its economic growth the model is based on the large volume of investment being consistent with the high rate of savings in the national income and the increase in income per capita¹¹.

The authors of the "Economics" textbook, Campbell R. McConnell and S.A. Brule, analyzed the role of investments in the production of gross domestic products and ensuring the growth of the economy, and found that it mainly depends on two factors: the rate of return on the investments made by entrepreneurs and the amount of interest paid for the investment funds received. those who showed¹².

The authors believe that investment costs: are made up of the costs of machinery, equipment and production technologies purchased by entrepreneurs, all construction costs and the costs of inventory changes, and purchased machinery, equipment and production technologies, newly built facilities, increased stocks are investment those who consider them goods¹³.

Based on the study of theoretical definitions of foreign and Uzbek scientists about investment, we came to the following opinion. We believe that investment is a special socio-economic category of the process of the market economy, and it is a value expressed in the form of monetary capital that ensures the expansion of the production process, the provision of jobs to the working population, and the satisfaction of the growing consumer demands of the population. Investment spending creates investment goods at the macroeconomic level. These goods, in turn, turn into asset capitals of the macroeconomics. Investment is a part of gross domestic product and refers to the increase in investment spending that drives economic growth.

There is a need to develop the national economy of the republic in a new innovative and purely industrialized manner in the conditions of market economy relations. In this, a structural change occurs through the effective use of production factors. This will lead to the production of products on the basis of competition in small business enterprises and will create an opportunity for their role and importance in the development of the national economy to increase. We believe that it is possible to organize the activity of a small business entrepreneur through the innovative production process not only in economically efficient enterprises, but also in small business

⁹Economic dictionary. M.: Prospect, 2001. 274-275 p.

¹⁰Economic dictionary. M.: Prospect, 2001. 275p.

¹¹Chepurin M., Kiseleva S. Course in economic theory, Kirov, ASA, 1999, p. 568-570.

¹²McConnell K.R. Brew S.L., Economics: Principy, problemy i politika T.: Respublika, 1992, 210-214p.

¹³McConnell K.R., Brew S.L., Economics: Principy, problemy i politika T.: Respublika, 1992, 136p.

enterprises with a low level of efficiency that do not meet the demand. Of course, it is necessary to develop the production process in an innovative way in small business enterprises with a low level of efficiency, and it can be done by taking loans from commercial banks. Economist V. Yu Burov said about this that "independent regions with a low financial level and highly differentiated development, it is possible to direct small business enterprises developing at a lower level to their innovative development segments at the first level in the current economic conditions."¹⁴.

We cannot agree with the scientific conclusion of the economist Yu.V. Burov on the innovative development of small businesses in independent regions with low financial level. The reason is that small business enterprises in all regions of our republic, regardless of the level of their economic and social conditions, play the main role in the growth of [GDP] at the republic level, and we believe that ensuring their efficiency increases on the basis of innovative development will lead to economic and social stable development. Some economists believe that the development of economic sectors depends on the development of the digital economy, and for this they pay attention to the following:

- consumer satisfaction on the basis of increasing the efficiency of the production process, the elimination of existing differences at the level of regions is expressed in the delivery of a specific product to consumers, and its result is related to the collection, processing, and storage of information, which depends on the conclusion of decisions made on reducing transaction costs;
- It depends on improving the efficiency of using the database of networks that ensure the growth of small business efficiency and implementing a new business model;
- new consumer value is defined as "relationship between consumers and producers based on the attraction of consumers to producers on the basis of innovative newness leads to the attraction of consumers to the side of producers"¹⁵. The transition to the development of the digital economy in the republic is a new modern development in the development of small entrepreneurship, which leads to the development of digital production technology.

Economists S. Aleksandrov and R. Iskandarov believe that the digital economy can be implemented through telecommunications. And the advantage of the digital economy can be seen in the development of small businesses,¹⁶they think that. In his address to the Oliy Majlis of the Republic of Uzbekistan, the President of our Republic, Shavkat Mirziyoyev, said, "We need to develop a national concept of Digital Economy, which involves updating all areas of the economy based on digital technologies. On this basis, it is necessary to implement the "Digital Uzbekistan-2030" program"¹⁷said.

Development of the national economy, including the development of small business entrepreneurship in the conditions of market economy relations, based on "Digital economy", "Digital technologies", production of innovative products based on modern innovative techniques and technologies in the production process, ensuring their competitiveness in consumer markets will lead our republic to have its place in the world economy and market. The advantage of using the digital economy in economic sectors, including small business, in the production process, is as follows:

¹⁴Burov V. Yu Maloe predprinimatelstvo v prostranstvennom razvitii regiona. Vestnik Buryatskogo Gosudarstvennogo Universiteta. Series. Economics and law. No. 2 (1) 2015.S 78-84

¹⁵Vasilenko I.V. Digital economy: Concept and reality Innovation cluster and digital economy; teoriya i praktika, rezultaty nauchno prakticheskoy konfeentsii s mejdunarodnym uchastiem./ pod.ped.d-ra ekonomiki, prof. A.B. Babkina-SPb: Izdatelstvo Politekhnicheskogo universiteta. 2017, pp. 147-156

¹⁶Aleksandrov S., Iskanderov R. Tsifrovaya ekonomika-ekonomika osushchestvlyaemaya pomoshchyu tsifrovyyx telekommunikatsiy // Technology and means of communication: 2009, №5

¹⁷Address of the President of the Republic of Uzbekistan Shavkat Mirziyoyev to the Oliy Majlis.//Halq sozi.2018.29 December.2b.

- In production, the main resource of the digital economy is information data, which is completed at the expense of the source of their use and is constantly enriched with new information;
- The application of the digital economy to the production of the Internet to the extent that the production subject is not limited;
- Ensures creation of conditions for small business enterprises to be competitive;
- Ensures effective use of human capital and materialized innovative capital;
- The operational activities of small business enterprises in the "digital economy" will be at the level of the Internet border;
- The number of applicants for the products produced by small business enterprises will increase.

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