

COMMUNICATION AND INFORMATION AGENCY OF UZBEKISTAN
TASHKENT UNIVERSITY OF INFORMATION TECHNOLOGIES

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**INVESTMENT ACTIVITY EFFECTIVENESS ANALYSIS IN
TELECOMMUNICATION ENTERPRISES**

Specialty: (5A5340102) Branch of economy (communication and information)

DISSERTATION

Submitted for fulfillment of requirements
for Master's degree

Work has been examined
and is admitted to presentation
Head of chair of "Economy"
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« ____ » _____ 2010 year

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TASHKENT

INTRODUCTION

Relevance of research theme. Acquisition of independence in our republic have had great effect on realization of investment projects, providing development for national economy. It accelerated the works on attraction of foreign investments and credits to the leading industries of our economy. In this process assessment of effectiveness of investment projects, analysis of them has become one of the most relevant matter. Because assessment of investment activity and careful analysis guarantees their successful implementation.

Restructuring of our republic's economy after past complex processes, steady economic growth, tasks of high paces securing, ceaseless growth of the volume of investments attracted to our economy demands from us to spend each soum of investment to the most needed, the most effective objects.

Scantiness of internal investment sources also stimulates a great demand in the area of attraction of foreign investments. Unfortunately in spite of creation of comfortable investment area, state support of investment activity through laws, a row of problems remains in the investment processes. Provided coordination in the investment sphere and acceleration of investment processes, liberalization of economy and intensification of economic reforms, growth of the role of telecommunication sphere is provided in the republic. In the Republic of Uzbekistan telecommunication sphere is considered as one of the main developing systems of national economy. Investments of telecommunication enterprises mainly provided by own sources, foreign credits, and attracted in the system investments; great economic results demand in the first place intensive study of first rank projects and development of clever solutions.

Summarizing the above mentioned systemic study of the problem linked to researches of effectiveness of implemented investment projects, creation of convenient investment sphere in the republic, providing of investment attractiveness and financial steadiness for telecommunication enterprises, development of practical advices and solutions on effective investment activity

analysis substantiate the choice of the given dissertation nowadays as one of relevant matters.

The extent for which the theme has been investigated. Perspectives and directions of telecommunication and informatization enterprises' development, issues of investment attraction to enterprises have been studied by a row of national and foreign scientists-specialists.

From foreign scientists I.Ansof, V.Berens, G.Birman, M.Bromvich, M.A.Gorelik, E.A. Golubitskaya, E.Dolan, K.Makdonell, M.Piter, L.D.Reyman, J.Suks, G.A.Titorenko, E.Helfert etc. scientists and specialists have made researches in this area.

Likewise for general research of telecommunication services market specialists of our country E.A.Akramov, A.N.Aripov, T.M.Butkeyeva, R.Ya.Dosumov, T.K.Iminov, T.S.Malikov, M.A.Mahkamova, M.M.Makhmudov, Kh.M.Mirzohidov, Kh.A.Muhitdinov, N.Kh.Khaydarov, L.I.Shibarshova etc. have made a great contribution.

Purpose and tasks. The main purpose of the dissertation is – to study in complex the problems connected to research of effective investment activity carried out taking into consideration country's peculiarities, creating favorable investment climate, provision of financial stability and investment attractiveness of communication enterprises, to develop recommendations on developing practical advices and solutions on analysis of effective investment activity in the telecommunication sphere

To carry out the designated purposes below-mentioned tasks have been put in the dissertation work:

- -To show how investment activities increase effectiveness of an enterprise;
- -To define and analyze the indicators of enterprise effectiveness connected to investment.
- -Legal bases for creation of the investment environment in national economy;
- -To analyze of methods of estimation of effectiveness of investments;

- -To estimate and substantiate investments attracted to telecommunication network of the republic;
- -To study an investment policy in information telecommunication sphere;
- -Acceleration of attracting foreign capitals in telecommunication sphere and working out actions on increasing their effectiveness.

Object of the research. Communication and information area, and the process of investment activities in Joint stock company "Uzbektelekom".

Theoretical and methodical bases of the Research. For thorough research of the given topic Presidential decrees, resolutions of the Cabinet of Ministers aimed at creating favorable investment climate and accelerating the process, works of the President of the Republic, books of foreign and national scientist related to the topic, Uzbek agency of communication and information, as well as report materials of Joint Stock company "Uzbektelecom" and other legislative documentations.

Scientific novelty of the research. The main innovations consist of the following:

- -The role and the impact of investments in raising the effectiveness of the enterprise, taking into consideration the peculiarities of the Republic were studied in complex for the first time;
- Communication of investment and effectiveness of activity of the enterprise was scientifically proved;
- Legal-regulatory bases and stages of development of creation of the investment environment in national economy were considered, and also recommendations about their perfection in the future were developed;
- Actions for acceleration of attraction of foreign capitals in Telecommunication area and increase of their fruitfulness were developed.

Structure of the work. Being based on the planned purpose and tasks master's degree paper consists of the introduction, three chapters, conclusion and bibliography.

CHAPTER 1: ORGANISATION GROUNDS OF REGULATING AND ORGANISATION OF ENTERPRISE ACIVITY

1.1. THE PLACE OF INVESTMENTS IN THE INCREASE OF MANAGEMENT FRUITFULLNESS

In the end of 80-th – the beginning of 90-ths in the list of economic terms of our country very many new notions, foreign words arose. These concepts have occupied firm place in current dialogue, researches and in the literature. Throughout last years in the result of successful realization of market reforms the "investment" term became one of widely applicable concepts.

When thinking about economic importance of investment, in this notion we should not forget about occurrence on a scene of financial, property and intellectual values of manufacture of concept "investment". In works of many scientists-economists and experts there are notions about the investment and other problems connected with it. For example, as professor E.V. Mihaylova thinks, "investment is - carried out at will of a subject expenses on any object for reception of economic result in the future in the form of all financial, material and other values". In this definition an attempt has been made to approach the investment essence to a market economy essence.

In our economy legal documents on investments were adopted from 1991, and during the passed time they have been highly developed. According to the accepted Law on investment of the Republic of Uzbekistan, investment is money asset spent for attaining an economic result (interest, income) or positive social target, money deposited in banks, shares, securities (stock, bonds), technologies, machinery, equipment, licenses and other valuables that are giving a result. This economic notion precisely shows full activity of investment in the conditions of market economy. Including, in it, first of all, a wide notion of investment and investment objects were given, second, inevitable dependence of direct economic and public result of investment was emphasized. If the investor does not receive a gain, there will also be no sense for realization of investment process. So, in the notion of investment came from market relations itself the volume of investment

process, main stages, i.e. capitals (resources), invested assets (expenses), result (income, interest) were clearly and precisely shown. In the same way parallel investment activity creates the base for transition to market relations, and these provide identical use of vertical and horizontal distribution of financial, material and intellectual valuables.

Proceeding from the experience of foreign countries and analysis of the law on investment that were accepted at us it is possible to conditionally distinguish three types of investment activity:

- 1) financial investments;
- 2) material investments;
- 3) Intellectual (mental) investments.

In the conditions of market economy each kind of the investment takes a specific place. Local and foreign bank deposits, depositary certificates, shares, bonds, promissory notes, monetary units, and other securities, as well as the values equal to them are considered as financial investments.

Material investments include fixed capital, i.e. buildings, devices, constructions, communication and other active and passive parts of funds of the basic production.

Intellectual (mental) investment is very various, it includes investments in the form of property rights, investments connected with intellectual work and investments in the form of using natural resources.

The types of investments entering into group of property rights differ in relation to degree of development of market relations, features of the local market. Investments entering the rights to intellectual work group include copyrights, "know-how", inventions, licenses with trade marks and other property rights.

Investments in the form of rights for use of natural resources include rights for use of ground and other natural resources.

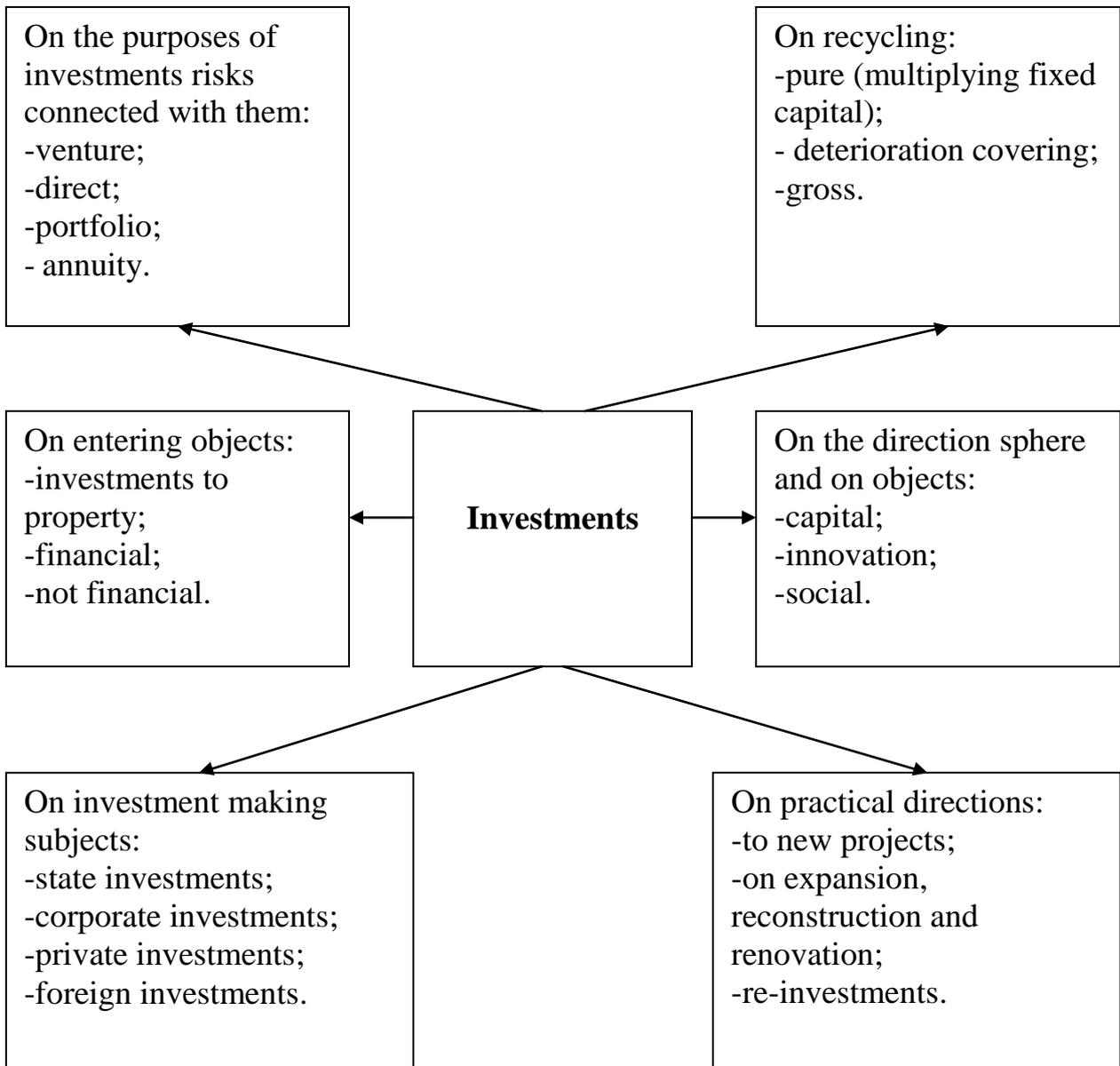
All types of investment, in spite of their volume are result of some kind of investment process.

Generalization of thoughts of scientists about investments, and also instructions on investments resulted in our legislation, gives the following description of investment: "investment is any financial, material and intellectual expense at the initiative of any investor on certain investment object for reception of economic result".

At survey of the economic content and an essence of investments, it is necessary to underline the following, in the economic literature the term "investment" is often used in the meaning of "capital streams", "capital". In these cases investment is interpreted as the contribution to a fixed capital. In same time, it is also necessary to consider, that non-material actives, actives of intellectual property and turnaround actives, including financial assets, also refers to investment.

Proceeding from division of their movement in a place and time, make risks connected with the future interests and their achievement as the basic scales of definition of the content and an essence of investments. For fuller disclosing of an essence of investment their classification according to the Republic Uzbekistan law in force is expedient, and also it is necessary to consider available sights and the points of view on this problem in the economic literature. (Look the scheme 1.1.1.). The main objective of an investment is not only preservation of current cost of the capital but also the safety of deposits, multiplication (capitalization) of their profitableness at preservation of corresponding liquidity. In many cases at attachment of investments to certain term the answering purposes are pursued. Conformity of the purposes of investments is connected with many factors. In the conditions of globalization movement of foreign investment in many cases adaptation purposes are pursued. Main objective of investments is the preservation of current cost of monetary streams, and also the capitalization of the future cost from their results. So, in any case the investment and certain processes connected with refusal of consumption in the present and its adjournment for certain terms for certain processes and objects are not different things. They provide definite purposes and accumulation functions. The important sign on investments, as it is

considered, includes their involvement in the chosen activities for certain time with a view of preservation of modern cost, their capitalization and accumulation increase.



Scheme 1.1.1. Investment classification.

The investments differ from motionless capital as they are connected with calculation of known and unknown risks and decision-making on link of investments to the given assets.

These features make investments different from capital. Difference of investments in the form of the capital (money) from material investments is set by the possible risks they can encounter.

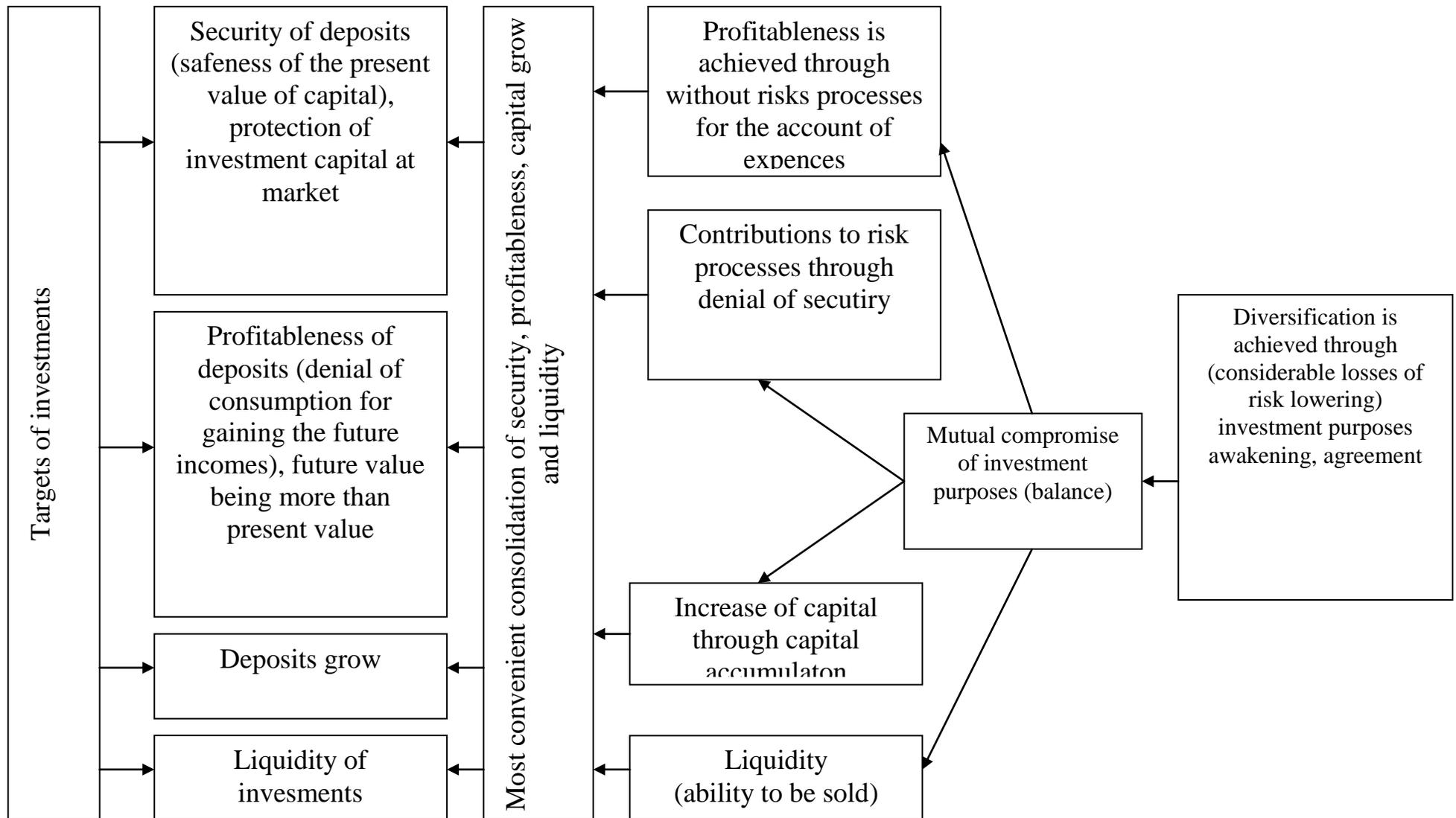
In the economic literature there are also descriptions of investments as "investments are money resources, target bank deposits, shares, actions and other securities, technologies, machinery, equipment, licenses, including licenses for trade marks, credits, other personal estate or property rights, intellectual values which are brought as objects of enterprise or other economic activities for getting of the income (interest). In our opinion, authors with such point of view confuse all material actives to sources of investments, because we should not forget, that available actives do not always increase the general fund of the capital of investments. Other category of economists consider, "investments it at least bilateral cooperation on enterprise (design) and investment (financing the project) activity. On our view, in this description we should not forget that investments are not only the process of cooperation of the parties, but the process of decision-making on attraction of capital and it's involving in certain actives for achievement of the exact or conditional purposes.

Some economists at use of concept of long-term investments mean the capital contribution, thus declining all responsibility for giving of definition of meaning and an essence of investments. There are also interpretation of investments as design means for support and development of operating manufacture, technical maintenance of manufacture, reception of profit and other end results, for example protection of the nature, social results. Together with it the structure of investments also includes values, which businesses spent for objects and other activity for reception of benefit or achievement of public result in the form of money resources, target bank deposits, shares, machinery, technologies, pays and equipment, licenses, credits, other property or property rights, intellectual values. In our opinion, in such form the meaning of concept of investments is put equal with monetary, material, legal, intellectual, production costs on various activities, thus not bringing additional definition in concept of

investments and confusing it. By transfer of all values directed on the investment it is impossible to define their essences.

At definition of an essence of investments, in our opinion, it is necessary to depart a little from involved forms of investments and resources. Through obvious forms the essence of investments, and the purpose of investments through their basic function - accumulation is defined. In definition of investments the definition of the form of investments peculiar to the different available parties should be shown. At studying of the various points of view, sights and definitions it is possible to come as a result to such conclusion, that investments make own means, borrowed means directed for a certain term to certain processes connected with obvious and implicit risks for the purpose of preservation of their today's cost and realization of savings. In market economy reliability, safety, friskiness, profitableness, liquidity of financial sources is closely connected with the obvious purposes and ways of their achievement. The result expected in the future from investments is reached through optimization of their safety, profitableness, capitalization and liquidity, and also through bringing the purposes in conformity, i.e. through compromise achievement. The purposes of investments and methods of their achievement are given on the scheme 1.1.2.

In each certain case achievement of the purposes of investments of decrease in risk of loss of current cost of the capital, is carried out by the coordination of their safety, profitableness, capitalization and liquidity. At decision-making on investment, the investor considers friskiness of the project, time cost of sources, attractiveness of the project concerning alternative possibilities. To such decision it comes by the analysis of risks at comprehensible level of expected profitableness. From the point of view of maximization of profitableness it considers time cost of money.

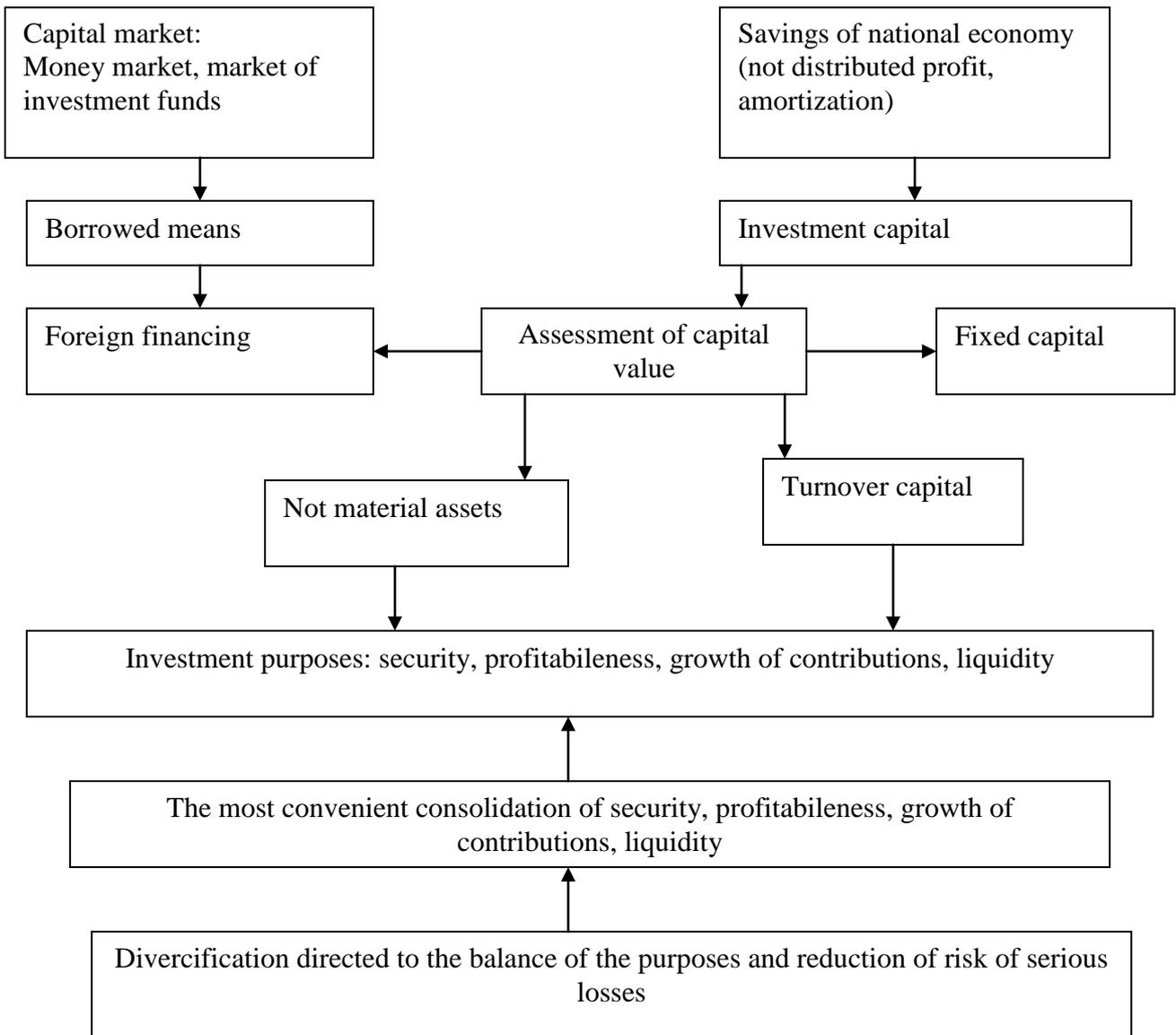


1.1.2-scheme. The consolidation of investment purposes with the methods of their achievement

In certain definitions investments are investigated by a method of use of money, definition of their ability to make profit, at the same time, investment opening to sources subject to risks. In the resulted points of view ability of money to bring a gain is connected with sources of their receipts and ways of their use. With a basis of defining ways of cost of investments, requirements of their reliability, investment are connected so, as methods of definition of the certain and uncertain risks are connected. Ability of the capital to make profit is connected with its sources and used directions. On the scheme 1.1.3 interrelations between the mobilized sources of investments and investment directions are shown.

The essence of investments consists of reception of exact and reliable sources, realization of expenses on their basis, at the account of level of risks preservation of cost of the capital and reception of the planned result. According to these signs the investments differ from other contributions. At the heart of all it process of movement of the capital lies. Reflex ion of an essence of investment lies in process of attraction of the capital. Preservation of current cost of investments, maintenance of the future savings is directed on the capitalization purpose.

U.F.Sharp and others describe investments as refusal of today's certain riches for achievement of probable future riches. They see the meaning of the term of investment "in refusal from today's money for reception of money in the future". According to their opinion, investment can be carried out either in a real asset or in a financial asset. On the whole this basis capital movement lays. Thus, the maintenance of investments is reduced to the processes of movement of the used capital. And the investment purpose lays in preservation of their current cost, maintenance of the purposes of its accumulation in the future.



1.1.3-scheme. Interrelations among investments sources, directions and purposes

Thus on the basis of expected and not expected, but possible risks, and also an estimation of expected result, for estimation of cost of the means and maintenance of their capitalization, is the certificate of link of financial and real assets.

Thus refusal of the investor of consumption of available means in the current period should be at corresponding level is compensated from risk of inflationary losses by profit in the form of capital growth.

In the description of investments given by us the following important qualities were reflexed:

- Possibility acquiring of financing sources and reliability;
- Refusal of current consumption for reception of the future cost;
- Intelligent link of investments with obvious and implicit risks and the forecast of financial results;
- Link of capital to processes of movement by possession of real and financial assets;
- Mobilization of investments for certain terms taking into account their liquidity;
- The adaptation of the purposes of investments through diversification:
- Investments' capitalization and accumulation.

From the point of view of financial relations of the investment also include refusal of current consumption for its exchange for the future cost through process of movement of the capital. So the term «investments» is thought as a more «capacious», broader notion than «capital contributions», «investments in material form», «capital», «credit» and other terms. At the description of investments it is necessary to describe all forms peculiar to their definition. So, investments being connected with obvious and implicit, but possible risks are the contribution of the capital to the certain processes connected with certain time, for the purpose of preservation of their current cost, capitalization and accumulation. Together with the purposes expected from investments, they have close connections with methods of their achievement. These communications are carried out on the basis of the coordination of the purposes of investments, their safety, a method of capitalization and liquidity maintenance. They it is involved in certain processes of movement of the capital to be used during certain time in real and financial actives. The purpose of investments on capital mobilization consists in preservation of its current cost and capitalization. They are carried out by accumulation at link with every possible risk. Investment risks area is much wider than bank and credit risks. Set of obvious and implicit investment risks are in most cases defined by possibility of reception of sources of their means, reliability and corresponding system.

1.2 Indicators connected with efficiency of investments of the enterprise and their definition

In the conditions of market economy it is normal to use in the activity of each enterprise the means attracted from foreign country, because it is possible that an enterprise sometimes lacks some means. The indicators expressing ability of the enterprise to involve means from for a boundary, first of all, include its ability to accumulate. This indicator shows total share of means, which have foreign origin in the total volume of means. For the definition of this indicator we should divide Total attracted means with foreign origin (TAMWFO) to Total sum in accounting balance (B). We can use the following formula for this:

$$\text{TAMWFO indicator} = \text{TAMWFO} / \text{B}. \quad (1.2.1)$$

When analyzing this indicator, it is better when it decreases from year to year. Because this will testify that in total means of an enterprise the share of private capital grows. For example, if this indicator is equal 0, 35, this says that 35% from total means have foreign origin.

In the conditions of market economy, particularly when % payments for bank credits are high, in this condition decrease of total attracted means with foreign origin is thought as positive tendency. At analysis we should divide total attracted means with foreign origin to long-term and short-term groups, because of their participance in turnover and their economic essence are different.

The coefficient of own means to short term means with foreign origin, indicator of means with foreign origin in goods and other reserves are included to indicators linked to short term means with foreign origin. In order to find the short term accumulation of means with foreign origin we should divide the sum of Total attracted short term means with foreign origin (TASMWFO) to Total sum in accounting balance (B), i.e. dividing to the value of economy means. We can use the following formula for this:

$$\text{TASMWFO indicator} = \text{TASMWFO} / \text{B}. \quad (1.2.2)$$

This indicator shows the share of attracted short term means in total amount of means. For example, if the given indication is equal to 0, 25, it shows that 25% of total assets are short term means with foreign origin.

The share of short term means with foreign origin indication is one of the important indicators showing their share in turnover assets. Short term means with foreign origin are mainly attracted for coverage of turnover assets. For finding this indicator (SMFO) we should divide Total attracted short term means with foreign origin (TASMWFO) to the Sum of turnover assets (STA), as in:

$$\text{SMFO} = \text{TASMWFO} / \text{STA}. \quad (1.2.3)$$

The more the value of the present indicator decreases, the better it is for the enterprise, because it shows the growth of the share of own assets of enterprise at funds and expenses covering. For example, if the value of this indicator equals to 0,456, it shows that the share of short-term debt of 45, 6% in reserves. So, own assets compound the share of 54, 4%.

One of the indicators capable to show financial status of an enterprise is linked to attracted long term means with foreign origin. In particular, attracted long term means with foreign origin accumulation coefficient (ALMWFOAC) also shows the structure of financial status. Its value shows how much of financial status is supplied by attracted long-term means with foreign origin. For the calculation of the given indicator we should divide the sum in passives of attracted long term means with foreign origin (SLO) to Total sum in accounting balance (B). We can use the following formula for this:

$$\text{ALMWFOAC} = \text{SLO} / \text{B}. \quad (1.2.4)$$

In the result of analysis the more this indicator grows the better it is, because long-term means in passives are very profitable for the enterprise. For example, if the given coefficient is equal to 0,15, it means that from all means 15% are attracted long-term means with foreign origin.

One of the indicators capable to show financial status is the share of attracted long-term means with foreign origin in long-term assets structure coefficient (SALMWFOILA). For finding the given indicator we should divide attracted long-term means with foreign origin in passives (ALMWFOP) to the value of long-term assets (VLA). We can use the following formula for this:

$$\text{SALMWFOILA} = \text{ALMWFOP} / \text{VLA}. \quad (1.2.5)$$

The growth of this indicator in the condition of present emerging economy, because when an enterprise lacks own assets, attracting material technical base on terms of attracted long-term means with foreign origin is a positive tendency. For example, let's take this coefficient equal to 0,70. This means that from the value of all fixed assets 70 % are attracted as long-term means with foreign origin.

These coefficients show financial status of enterprise. Of course through these coefficients we can study present status of an enterprise, its structure and alike economical features.

In the list of indicators showing financial status of an enterprise Structure coefficient (SCALMWFO) of attracted long term means with foreign origin (ALMWFO) structure. This coefficient shows the share of all attracted means with foreign origin. We can use the following formula for finding this coefficient:

$$\text{SCALMWFO} = \text{ALMWFO} / \text{TAMWFO}. \quad (1.2.6)$$

If the value of this indicator is equal to 0,25, it shows that from all TAMWFO 25% are long-term TAMWFO.

For finding in the structure of attracted as long term means with foreign origin in assets (AMWFO in A) by accounting balance we should use it again. In this if we take “Long term debts” (400k) and “Long term creditors” (410k) as long term assets, the searched coefficient will be equal to:

$$\text{AMWFO in A} = \text{LD} + \text{LC} \quad \text{or} \quad 400\text{k} + 410\text{k} \quad (1.2.7)$$

Now we can find the sum of turnover assets in attracted assets with foreign origin (STAWFO). For this purpose we will subtract from the sum of all liabilities (540k) the sum of long term AMWFO (400k+410k). The obtained result shows the share of attracted means with foreign origin in assets:

$$\text{STAWFO} = \text{B} - \text{LD} + \text{LC} \quad \text{or} \quad 540\text{k} - (400\text{k} + 410\text{k}). \quad (1.2.8)$$

If the enterprise has past-due creditors, the result is not decreased to that sum:

$$\text{TASMWFO} = [540\text{k} - (400\text{k} + 410\text{k})] - \text{total of column 27}. \quad (1.2.9)$$

According to the found sum we can find coefficient showing TASMWFO share in turnover assets (TASMWFO in TA coefficient). For this purpose we should divide the sum of TASMWFO present in turnover assets to turnover the sum of assets (B):

$$\text{TASMWFO in TA coefficient} = \text{TASMWFO in TA} / \text{B}. \quad (1.2.10)$$

The value of this indicator shows the share of attracted means with foreign origin in turnover assets of the enterprise.

All these indicators are present in balance report (table 1.3.1). But for the purpose of analysis it is not enough. For that reason the most important is to find the value of these indicators, compare them one with another, and during different times, and only then to give a corresponding conclusion on them.

Table 1.2.11

Indicators linked to financial status of an enterprise and attracted means with foreign origin (investments)

Indicators name	Ways for finding	According to rows in balance
1. Mean year value of attracted means with foreign origin (MYV)	AMWFO at the beginning of the year + AMWFO at the end of the year	540at the beginning of the year+540at the end of the year
	2	2
2. Total attracted short term means with foreign origin (TASMWFO)	AMWFO*100	540
	B	550
3. Total attracted short term means with foreign origin (TASMWFO)	AMWFO	420+430+440
	B	550
4. (SMFO) Short term means with foreign origin are mainly attracted for coverage of turnover assets (STA)	AMWFO	420+430+440
	STA	300
5. Attracted long term means with foreign origin accumulation coefficient (ALMWFOAC)	SLO	400+410
	B	550
6. Attracted long term means with foreign origin in long term assets structure coefficient (SALMWFOILA)	SLO	400+410
	VLA	110
7. Share of long term attracted means with foreign origin in AMWFO (SAFO)	ALMWFO	400+410
	TAMWFO	540
8. The share of short term attracted means with	ASMWFO	420+430

foreign origin in AMWFO (SHAFO)	TAMWFO	540
9. Structure coefficient of creditors (Cr coefficient)	Cr	450+...530
	AMWFO	540
10. turnover assets in attracted assets with foreign origin (STAWFO)	B-(LD+LC)	540κ- (400κ+410κ)
11. Coefficient showing TASMWFO share in turnover assets (TASMWFO in TA coefficient)	TASMWFO in TA	540κ- (400κ+410κ)
	B	300

1.3. Legal basis for creation of investment environment in national economy

In Uzbekistan the works on creation of legal base for increase of attractiveness of investment environment and for creation of convenient conditions for economic subjects are obviously underway.

In the result of analysis of experience of foreign countries we can say that without attraction of investments to an economy it is impossible to develop it to sufficient level. Taking this into account, our government decided to create conditions for formation of investment environment and acceleration of it though developing and bringing into force a row of laws with a purpose of awarding.

Laws regulating foreign capital flows should meet the demands of international standards. Foreign capitals contracts take independent position among bilateral government agreements. Laws adopted in Uzbekistan include the one adopted on 14th of June 1991 «Foreign capitals in the Republic of Uzbekistan». It was revised on 2nd of June 1992. On 5th of May 1995 a new law was adopted «Guarantees for foreign capital». With the adoption of this law all previous laws became abeyant with the decision of Oliy Kengash (High council) of Uzbekistan. This law places the legal, organizational, economic basis for foreign capitals and the order for their operation.

In future years a row of acts, decrees and decisions on foreign capital were also adopted. In this sphere Decree of the President of the Republic of Uzbekistan «on additional awarding factors and benefits for enterprises with participation of foreign capital» from 30th of November 1996, decisions «on guarantees of rights of foreign investors and measures of their protection» from 30th of April 1998, Law the Republic of Uzbekistan «on foreign investments» from 30th of April 1998, decision of Cabinet of the Republic of Uzbekistan «on measures of legal protection of direct foreign investments» from 2nd of May 2003. In these laws, decrees and decisions the convenient conditions for foreign investments were created.

Particularly, the decree of the President of the Republic of Uzbekistan «on measures of benefits for direct attraction of private investments» from 11th of April 2005 have an important role.

The adoption by the Government and the President of Uzbekistan a row of above mentioned acts, decrees and decisions directed to benefits of attraction of foreign investments testify that for the enterprises created with the help of foreign investments in our Republic and operating projects on existent production power in our country, labor resources, rich raw minerals base, for interested investors successful activity needed legal-regulatory base is existent.

So, for the attraction of foreign investments in our Republic convenient conditions have been created:

- Giving legal status to entrepreneurship, private property and benefits protection legal base have been formed;
- Infrastructure supporting investment processes;
- Political stability;
- Convenient geographic position;
- Rich mineral raw resources, thus, wide possibilities for development of agricultural sector;
- Experienced labor resources;
- Factors for selling on market of high volume.

If foreign investments are attracted to sectors of our economy they will develop stage by stage, besides there is a row of economic, social, political results. Their bases are the following:

- For the purpose of livening of these processes we will have additional means. This will accelerate the structural change and development of basic sectors;
- Unemployment will decrease;
- Advanced techniques and technologies will be adopted;
- Advanced management methods will be adopted;
- The participation of foreign investors with own capital will accelerate the process of privatization;
- Main measurement standard of goods and services will improve the quality, thus more satisfying demand;
- Through foreign taxes, rent and other payments budget income and country export volume increase will be quickly accelerated;
- Through interstate economic approaching, political discussions a basis for strategic cooperation has been made;
- Stable macroeconomic growth will be achieved, real GDP will increase, being of population will improve, wellbeing will quickly increase and also this will help to solve other problems.

Basic change of national economy structure on the present stage will awake large interest in foreign investments; the methods of their attraction are the following:

- Opening of joint enterprises, including selling of portfolios of shares of Uzbek issuers to foreign investors;
- Full transfer of enterprises present on the territory of Uzbekistan to foreign capital and registering of the corresponding enterprises;
- Attraction of foreign capital on the basis of concession;
- Creation of free economic zones directed to attraction of foreign investors to specific spheres and others.

Foreign creditor have great rights and possibilities in the Republic of Uzbekistan, this gives great possibilities for effective organization of economic activity and gaining profit.

Adopted in the Republic of Uzbekistan law «on measures on guarantees of rights of foreign investors and their protections» from 30th of April 1998, legal status of foreign investments is made as not less convenient than internal investments. For foreign investments wide possibilities have been created, including:

- The buying of production building, equipment, living buildings directed to investment purposes;
- Long term land renting;
- Participation in privatization programs;
- On definition of their investment directions, types, volume they give possibilities for attraction of legal and physical people.

Foreign investor, according to the law of the Republic of Uzbekistan, has the right to own investment objects and results, and reinvest the gained profit.

According to the universal international legal standards of foreign investors operating on the territory of the republic received the guarantees of rights from the Republic of Uzbekistan, including:

- Foreign investments and other assets of foreign investors operating on the territory of the Republic of Uzbekistan can not be transferred to government property;
- In the process of implementing investment activity all rights are guaranteed and protected by the state;
- If investment conditions deteriorate for foreign investments the legislation existed in time of investment start will be used during 10 years from the start.

Besides, if in government bodies the cases of discrimination of foreign investors' rights arise, the losses occurred in the result will be covered though a court.

Among benefits described in the law of the Republic of Uzbekistan «about foreign investments» from 30th of April 1998 the following ones should be separately referred:

- Production enterprises created using foreign investments included to the Capital Program of the Republic of Uzbekistan are released from corporate income tax for first 7 years.
- If the share of foreign capital in production enterprises created with foreign investments is more than 50 per cents and its volume is more than 1,0 mln. US dollars and more, the per cent taken from profit will be equal to 16 per cents.
- New created enterprises, including enterprises created with foreign investments (excluding commercial, intermediary, provision, purveyor organizations), if created in country, aul or settlements areas, from the date of their registration are released from income tax for one year, for the second year the tax rate is 25 per cents from the established one, for the third year it will pay 50 per cents from the established tax rate. During the following years income tax will be fully played at established tax rate.
- Other enterprises created on the basis of foreign capital (excluding commercial, intermediary, provision, purveyor organizations) from the moment of their registration, will pay during the first year 25 per cents of the established rate and 50 per cent during the following year. During the following years tax for received profit will be fully payed in the established order and rate.

Guarantees are given to foreign investors to transfer profit, wage and other assets received in the result of legal activity, without any limits in foreign country and currency.

Together with state guarantees organization of insurance protections is also provided to foreign investors. According to the legislation of the Republic

voluntary insurance of foreign investments and system of insurance of investment risks is put underway.

Settlements of enterprises created with participation of foreign investments are executed according to the legislation of the Republic of Uzbekistan. These cases are also shown in the law. If these enterprises collapse they meet own obligations by own property, i.e. objects providing trading services by own land areas, buildings, constructions, equipment. Though this excludes the rights for using or owning the land.

Besides local citizens foreign citizens can also be invited to the positions of workers and servants of enterprises with foreign investments participation. Wage, holidays, pension benefits of foreign citizens must be shown in their work contracts made with enterprise. Their wages can be transferred to other countries.

Social insurance (excluding pension benefit) and protection for labors of enterprises with participation of foreign capital is guaranteed on the basis of the legislation of the Republic of Uzbekistan. For provision of pension benefit for them funds in foreign currency are transferred to corresponding funds located at place of abode of them. At the same time for local workers and servant's stage insurance protection and pension benefit provision is implemented through separation of assets in corresponding funds. Through this way social protection of own workers and servants is implemented.

Creation, use, independent restructuring and stopping of funds of enterprises with participation of foreign capital is implemented on the basis of the legislation of the Republic of Uzbekistan. If an enterprise stops its activity its assets are subject to taxes on their real value. The remaining part is divided among founders according to their share in the enterprise, of course if there is no other case specified in special documents. If an enterprise with participation of foreign capital stops its activity or is being restructured the protection of rights of its workers and servants are guaranteed by corresponding legislation.

If a foreign investor wants to leave an enterprise, or if an enterprise stops its activity, it has the right to return spent investment at market price in the form of

money or goods. In this case other participants of the enterprise have the right to buy the share of a foreign investor. In this law the relations of foreign investors linked to land are also underlined. For foreign investors and enterprises with participation of foreign means land can be given for rent for a period of time stated in the contract. In the case of expire of property right for construction and buildings, the use of the land will also pass according to terms stated in the contract.

The provision of property to a foreign investor is implemented according to legislation of lessee through contract terms. During the activity of foreign investors a row of agreements can arise. We can divide them in three groups.

The first group of the investment agreements is used in international practice (spot ones), they include agreements between foreign investor and state, I. agreements in the state attracting investments. These agreements can arise in cases of paying compensation to foreign investors for nationalized property, in armed events and in cases linked to the activity of governmental bodies and official persons.

The second group includes agreements among joint ventures with the founders of joint ventures and with other joint ventures. The agreements of second group are implemented on the same level of law as the agreement of economic subjects.

The third group of agreements includes agreements of foreign investors with the state bodies attracting investments and with participation of foreign investment joint ventures, they are named administrative-legal agreements.

In the law of the Republic of Uzbekistan «on foreign investments and guarantees of foreign investment activity» it is written: contracts and agreements between foreign investors and state bodies of the Republic of Uzbekistan, if they are not shown in international contracts and agreements, are solved in the courts of Uzbekistan. Foreign investors and foreign investments share companies of the Republic of Uzbekistan, among legal and physical persons, foreign investors and

foreign investments attracted enterprises economic activity agreements are solved in economic courts according to bilateral agreement in arbitrary courts.

If according to terms shown in the law of the Republic of Uzbekistan differs from terms shown in foreign contract and agreements with foreign investors, the ones shown in international contract and agreement are used.

With the purpose of implementation of Decree of the President of the Republic of Uzbekistan from 11th of April 2005 «on direct private foreign investments attraction measures», in our republic not only investment sphere improvement, but also a row of social problems arise. Because, according to the second point of the decree, the enterprises created using foreign investments should locate excessive labor forces to a row of regions.

Foreign enterprises from the 1st of June 2005 have been released from the tax on main activity (profit), property tax, tax for development of social infrastructure and beautification of areas, ecology tax, one tax for micro firms and small enterprises, thus from obligatory payments to toad fund of the Republic. These benefits are provided in the following volume of foreign investments:

- From 300 thousand USD to 3 million USD – to the term of three years;
- From 3 millions of USD to 10 millions of USD - to the term of five years;
- From 10 millions of USD - to the term of seven years.

Thus, the placed legal basis create convenient environment for the relations of foreign investments activity, their rights and paid investments are protected, and it in own term creates the solid basis for stable development of our national economy.

CHAPTER 2: EFFECTIVENESS ANALYSIS OF INVESTMENT ACTIVITIES IN JOINT STOCK COMPANY “UZBEKTELECOM”

2.1. Impact of world financial regress on investment activity

In the result of started in the end of XX century and continuing up to now globalization of markets, liberalization of international movement of capital the regress appeared on USA markets have also widened to other countries. This case, by itself, has a negative impact on foreign investors' positions, which have put money to securities of USA banks and mortgage agencies. The regress appeared on USA's financial markets had an impact on state affairs of big world funds markets. The main structure of global financial market and considered world's main financial centers countries are becoming differently colored. In particular, in 2008 in world capacities it is anticipated that the turnover of foreign investments will decrease up to 20%. Also there is a prognosis that in 2009 world gross national product, use of foreign investments will decrease again, and the international trade will decrease to 15%. This situation can lead to increase of unemployment and serious social problems.

Nowadays the world financial regress specify in all economies state and private sector's lack of liquid means. This, in own term; harmly intervene in state social directions and the implementation of big investments projects of companies. In the result investment programs planned for a long term are rejected, or the plans of their implementation are moved aside. Today it is not a secret that many developed and developing countries ask for large amount of money at International monetary fund and face real economic misbalances.

Today's global competition demand solutions in one time, on securing the development of new technologies, implementation of study and research projects, launch of innovation possibilities and of course securing of continuation of investment activity.

Our President in own works mentioned today's row of leading analysis and expert centers studying global financial regress state and materials on its possible consequences has noted the following. I.e., "... having studied regress processes in financial-bank systems, recession and economic decrease inevitability, limit of investment activity, decrease of demand in international trade volumes, thus, in many countries of the world the appearance of solid social problems have found own relation"¹.

We should say in this moment that now developing financial crisis enforce the impact of a row of banks and financial organizations on unemployment, production decrease and other negative economic factors. It is seen, that the present financial crisis features start from its economic financial sector to its real sector.

In this place what impact will the world financial crisis have on the economy of our country, is a type of question, in which each of us is naturally interested. In this area it is important to understand our President's words «...we should not conclude that developing world financial crisis will not have an impact on our country, it will pass near us. To understand the problem in this way is very simple, but it is possible to say, that it will be unforgivable mistake. Each of us must understand one truth – today Uzbekistan is considered inseparable part of international commonwealth and global financial-economic market»². At the same time the participation of Uzbekistan in globalization processes also describes these regression consequences on known level for our economy.

Really, in the recent years having achieved the independence Uzbekistan, as other CIS countries, faced the matter of what principles and methods to use in construction of state and society, what way to take in describing social-economic and political process.

But, at the same time it should be noted that financial crisis comparing to other developed and some neighboring countries had different impact on the

¹ Karimov I.A. World financial-economic crisis, the methods and ways for its arrangement in the conditions of Uzbekistan. – T.: Uzbekistan, 2009, 5-ch.

² Karimov I.A. World financial-economic crisis, the methods and ways for its arrangement in the conditions of Uzbekistan. – T.: Uzbekistan, 2009, 11-ch.

economy of our country. If these processes have directly gone out of roots of financial system and the production volumes decrease thus, many enterprises close were obvious, at our raw resources markets the demand became to weaken and prices went down, in the result of this export incomes became sensibly go down, in the result of decrease of buying attitude of main trade partners foreign trade turnover became to decrease.

At the same time, nowadays many leading scientists and specialists state negative consequences in our economy of financial crisis. According to the view of economic scientists and specialists, in our country the absence of companies and financial institutions with big foreign capital, can be attributed the case that in the result of privatization mechanism and conditions in the charter capital of all enterprises real private assets are low or absent. On the contrary, the negative consequences of the present crisis can be positive consequences for us, it can bring new possibilities. USA and Europe investors do not want shares, they free own assets. According to the essence the process of reprocessing, redistribution of resources is underway. So, new markets, new possibilities are started to be searched. Investors search opposite ways for capital use. In the moment of west markets' downward direction the markets of developing countries show positive dynamics. From these considerations, of course, many investors naturally give an attention to the market of Uzbekistan.

Thus, we can describe the following factors for making world financial crisis negative consequences not so hard:

- The choice of stage by stage passing from administrative-order system to market economy;
- Clear statement that the state is as main reformer;
- the present in Uzbekistan of financial-economic, budget, bank-credit system, thus, for the guaranteeing of stable and continuous work of real sector of economy enterprises and networks the presence of created on needed level of solid funds and needed resources;
- Implementation of rational foreign debt policy;

- Measures on implementation of consecutive and prolegomena's wage and income policy before groundless growth of market price indexes;
- States financial – economic and bank systems stableness and solidness are described by their protection mechanisms.

Now Uzbekistan's gross foreign debt according to goods is 13,3%, according to export volume it is not more than 31%. This in own term shows payment possibility of our country on international level.

Our republic always rejected short term speculative credits, it attracted foreign investments for long-term at benefit interest rates. In the result it prevented sharp link of national economy with conjuncture on international credit market and the consequences of financial crisis.

In 2007-2008 drawn foreign investments volume increased in 2,5 times. This case showed high capacity of our economy and the creation of convenient conditions by our government.

In the result in 2008 year more than 1,5 billion USD foreign investments have been drawn, 70% of them were the share of direct investors' investments. Attracted direct foreign investments have strategic importance for the development of national economy of Uzbekistan, being directed to real sectors modernization. In the limits of investment program in 2009 year more than 1,8 billion USD foreign investments planned disbursement certify stable economic growth processes. 75 percent of these foreign investments were direct foreign investments.

Main investments to capital of our country having increased in appreciable level, its growth rates during independence years were only 128,3% (2.1.1-diagram).

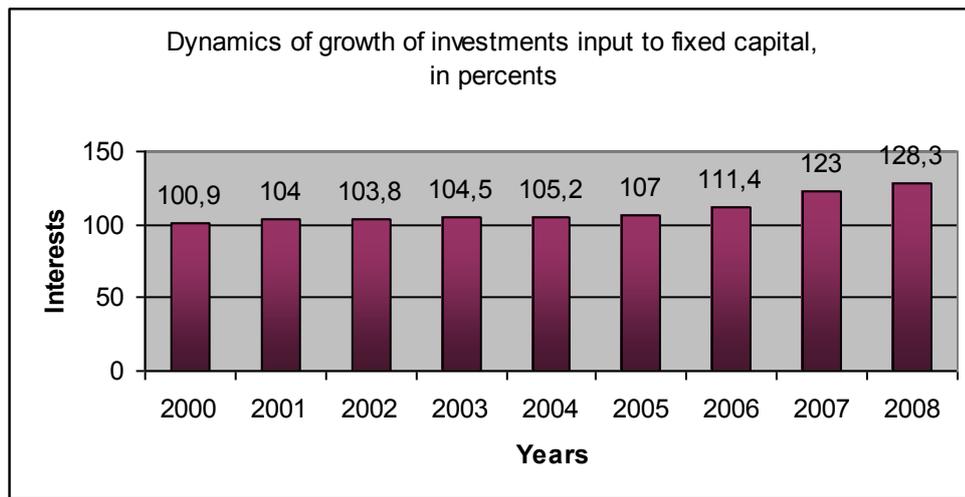


Diagram 2.1.1

In the area of stable and effective formation of economy of our country implemented reforms have results nowadays. They include the implementation of deep structural reforms during short time, guaranteeing the growth of population income, enforcement of effective foreign trade and investments, reform of agricultural sector, development of small and private entrepreneur area, bank-financial activity stabilization benefits have been obtained.

In present time world countries social-economic progress differs form its obvious essence. In it's the main and important one is increasing enforcement of integration and globalization of national economies. In one time these processes had an impact on competition processes on international area, and also on each country's labour distribution own position enforcement.

But, it also should be noted that there are also positive sides of integration and globalization for world economy. They include, not occurring in some countries irregular economic development, the difference among social-economic development of world countries, ecologic threads enforcement, it bars in some countries the change of population number thus development of world economy as a whole system. At the same time, these processes have one more feature – social – economic shocks occurring in one country of the world inevitably will have own impact on other country. Nowadays world commonwealth facing financial crisis

also have faced negative consequences of the globalization processes in this meaning.

According to it, we will take into account the social-economic development of our country on the basis of present and planned measures and world financial crisis consequences influence from different sides, from the point of view the influence of economic development programs of these processes it is demanded to consecutively implement them. The measures in this area were described in our presidents I. Karimov's work name «World financial-economic crisis, the methods and ways for its arrangement in the conditions of Uzbekistan», widely and detailed. The essence of financial-economic crisis, the sources of its appearance, the effects on the economy of Uzbekistan, the factors for prevention and relief of consequences of this crisis were described. Thus, not looking to very complex and hard for our country's workers in 2008 positive results and gaining assessment showed wider possibilities of use of economic powers.

Making consecutive structural changes in our state becomes main factor for creation of convenient investment area. Investment area is the combination of country's economical, political, normative-legal, social and other terms affecting investment processes. Investment area is described first of all by the following economical factors: natural environment, including funds of minerals, experience of workers and mean wage level, state of economic conjuncture, possibilities for sale of internal market volume and goods on foreign markets, condition of credit system, the level of taxation, the development of production and social infrastructure, state policy on foreign capital, creation of privileged conditions for them etc. From obtaining of independence by our country the creation of convenient investment area is one of central matter of our state's economic policy. Particularly, it implements the policy of open doors, convenient investment area, benefit and priorities system creation.

In the result of the measures directed to enforcement of investment processes in 2008 the volume of investments has sensibly increased. For the purpose of development of economy from the account of all financial sources 6,4 billion USA

dollars volume of investments were attracted. Comparing with 2007, it is 28,3 % more, according to gross domestic product the volume was 23 percents (2.1.2-table).

2.1.2-table

The structure of investments to the fixed capital, bln. soums

Indicators	2007 y		2008 y		Growth rate, in %
	volume	In %	volume	In %	
Investments to fixed capital	5479,7	100,0	8483,7	100,0	128,3
Centralized investments	1099,7	20,1	1717,0	20,2	129,1
- budget funds	492,9	9,0	761,8	9,0	127,9
- not budget funds	334,8	6,1	533,6	6,3	131,8
- foreign investments and credits on government guarantees	272,0	5,0	421,6	5,0	128,2
Not centralized investments	4380,0	79,9	6766,7	79,8	128,0
- means of enterprises	2610,0	47,6	3741,1	44,1	118,6
- population's means	621,9	11,3	828,0	9,8	112,0
- direct foreign investments and credits	975,7	17,8	1772,1	20,9	150,2
- credits of commercial banks and other debt means	172,4	3,1	425,5	5,0	246,8

It is possible to see from the table, that during passed year the volume of investments directed to fixed capital and its structure have faced important changes. As it was shown above, the gross volume to fixed capital increased on 128,3 percents. It includes not centralized investment volume on 129,1%, not centralized investments have grown on 128%. Looking the growth rates according to the parts of investment structure growth, the highest indicator is for commercial

banks and other debt means, their volume increased almost 2,5 times, in the investment structure the share have grown from 3,1% to 5% from the previous year. Direct foreign investments and credits have grown more than 1,5 times, in the result of it their structural share increased on 20,9%.

About 50 % of all drawn investments were directed to the modernization of production and technical equipment.

In the following years the volume of investments put to the economy of Uzbekistan is a desperate. In 2008 1 billion 700 million USD of foreign investments were drawn. This in comparison with 2007 is 46 % more. The most important, 74 percent of foreign investments were direct foreign investments.

One more feature of development of investments processes in our country is it in sensible level in the structure of state budget finance. The state financing by investment processes shows the following dynamics, if in 2005 state budget investment was 36,2% of financial means in the budget of the republic, 63,8% was secured by local budget, in 2009 these values are anticipated as 35,5% and 64,5% correspondingly. This shows that investment processes widen the participation and role in local budget.

Thus, as it is said in the work, not looking to the world crisis, in 2009 the attracted to our country investment volume were made from foreign investments and increased on 1 billion 800 million dollars, three froths of this are investments.

In the area of implementation of structural changes and modernization of them important role is played by projects, first, on formation of production infrastructure organized two years it, nowadays more than 3 billion 200 million USA dollars are resided in the Fund for Restructuring and Development of Uzbekistan. In the near future the Fund's assets, as it is anticipated, will grow to 5 billion dollars. During the past two years tens big industrial and infrastructure building financing and share financing received the Fund's 550 million USA dollars in credits.

In 2008 in different areas and networks creation of important production objects have receiving great attention. This includes, the implementation of investment projects of our country on 250 billion sums of fixed fund to 423

objects, including, in food industry 145, in the construction materials industry 118, in light and textile industry 65, in agricultural and forest economy area 58, chemical and oil-chemical industry 13, pharmaceuticals network 8 objects were launched (1.3.2-picture).

Being launched in 2008 and now being constructed big production buildings giving electric power in Fergana valley on continuous level, with length of 165 kilometers new Angren hot electric station – «Uzbekistan», not saying about providing high – voltage power lines. Sirdarya hot power electric station «Sogdiana» is linked with power station, Guzor-Surhon high-voltage lines and Tashkent electric power projects are implemented. Thus, during the past year more than 2 600 kilometers of drinking water and 825 of natural gas networks have been provided for use.

Construction and provision for use of objects in social sphere being a major task 169 professional colleges for 113 200 pupils and 23 academic lyceums with 14 700 places have been constructed and reconstructed. Besides, 69 new schools have been founded and 582 schools have been fundamentally reconstructed. In this row there are 184 sport buildings, 26 country doctor points and 7 240 thousand square meters of living buildings and other constructed objects.

The enforcement of investment processes in the social sphere, particularly, of creation of all types of social objects in country sides – kindergartens, schools, professional colleges and academic lyceums, hospitals, country doctor points, sport and culture buildings and others resulted in the growth wellbeing of our people.

The above mentioned information, thoughts shows, that during the passed year the results in the sphere of attraction of investments more improved the sphere, and it, in its turn provided the possibilities for implementation of consecutive structural changes in economy.

2.2. The methods for assessment of investments effectiveness

In the assessment of investment projects used discharge term and profitability level methods demanded a worker to be able to widely use special economic sector,

skill, qualification, training and experience. Nowadays commercial banks and other credit organizations providing investment resources to solvent debtors and stating distribution terms, as usual, first of all being known, to use discounting methods in national and foreign currencies as the main indicators. They use the simplicity of the given method and two methods, i.e. the discharge term and the level of profitability indicators.

The essence of each investment project analysis is, as it was shown above, the search for the very simple question, i.e. the will money that will be receiving in future cover the expenses that are paid today or not.

The method for calculation of term for investment discharge (PP).

The method for calculation of term for investment discharge based on discounting of money stream method serve for finding the time of nominal return of investments. According to this, the method is based on calculation of the time of expenses discharges taking into account the money spend for the investment project and expected incomes from it. Understanding the discharge term more precisely, this time is equivalent to the term of the end of the project, or in general, to time when the sum of investments will be returned.

The formula for calculation of it is the following:

$$PP = I_0 / CF_t, \quad (2.2.1)$$

In this, I_0 — start investments: $CF_{t(\text{sum})}$ — the sum of year investments ofr implementation of the investment project. It shows the difference between year net profit or income (Δ) and expense (X) (without amortization A).

There are two ways for calculation of discharge term, in the first way the starting sum is divided to the mean value of year incomes (mean year sum). This indicator is used in cases according to years money incomes.

The second way for calculation of discharge term is described as the growth of income money from the investment project implementation (difference of income) result (collection).

The advantage of the given method for calculation of discharge term lays in simplicity of implemented calculation works, convenience and intelligence. The

shortage lays in it can not take into account the value of the incomes received in future, thus it can not be used for finding the investment project incomes. This method helps in description to find the term of placing own capital to risk.

Thus, investment project discharge term is the time, during which the incomes receiving from it are covered by expenses.

The method for defining the profitability of investment bookkeeping (profitability level) (ARR or ROI).

This indicator is found according to the bookkeeping information by dividing mean investment income to year investment volume. In this it can be based on profit before paying bookkeeping interests and taxes or after paying taxes, but before paying interests anyway. The best is to choose the net profit before payment of taxes. Because it shows the real profit receiving by enterprise founders and investors. It is calculated by the following formula:

$$ARR = D (1 - CC) / ((C_6 - C_0) / 2), \quad (2.2.2)$$

In this, D- income before payment of interest and tax; C – tax rate; C_a^6 , C_a^0 — the value of starting and end sum of assets of the given period.

The given methods can also be calculated by other methods.

For this reason, the investment amortization rate should be calculated. It is calculated as following:

$$ARR = (D (1 - C_c)) / ((C_a^6 - C_a^0) / 2). \quad (2.2.3)$$

In this, D is the profit before paying interest or tax, income before paying interests:

C_c - tax rate; C_a^6 , C_a^0 –the value of starting and end sum of assets of the given period.

The given methods can also be calculated by other methods.

For this reason, the investment amortization rate should be calculated. It is calculated as following:

$$\text{Amortization} = (I_0 - SV) / T, \quad (2.2.4)$$

In this, I_0 – starting investment; SV – the residual value; T — project term.

In this the level of profitability (ARR) is found using the following formula.

$$\text{ARR} = ((CF - \text{amortization}) / I_0) * 100, \quad (2.2.5)$$

In this, CF — year money incomes; I_0 – investment expenses.

The preference of the given indicator lay in the following:

- the simplicity of calculations;
- the indication of project use;
- Indication of the whole project life.

The shortages include that it do not take into account the future value of money incomes in present time.

Assessment of investment effectiveness using the method of net present discounted value (NPV) in World practice based on investment projects assessment discounting from 80-90ths become widely used and brought positive results. According to this method bank experts use it widely. For example, European bank on reconstruction and development (EBRD) using this method has developed own versions of project assessment. Thus the World Bank, International monetary fund (IMF) and many other influential organizations also developed methods according to the directions and features of their activity. At present time on the basis of the methods in the Republic of Uzbekistan, commercial banks developed and continue to develop own methods, their practical use, use of foreign experience and own results.

For example, in commercial banks - National bank, Asaka bank, Pakhta bank, Ipak yoli bank, the assessment of investment projects is widely used. In these, particularly, discounting methods on the basis of UNIDO program through using the computer versions help to achieve exact and right solutions.

Nowadays EBRD, Asian development bank (ADB), German credit agency (KfV), International financial corporation (IFC), World bank credit lines through local commercial banks participate in investment projects financing. In this the analysis of these investment projects is implemented using the abovementioned method. In this area it should be separately stated that big banks of our country National bank and Asaka bank attract experience. But based on UNIDO program project discounting assessment computer versions should be introduced in all republican banks, insurance companies, leasing companies and other financial organizations.

Usually, the method included to the methods based on discounting assessment of investment projects by is the net present value method.

Discounting money assets (all money streams of investment project) based one method is considered as the net present value method (NPV). In some modern economic literature this method is also named as net obtained value, net discounted income or net modern value.

This method arises from two features:

- Each firm's desire to achieve maximization of own wealth (value);
- Expenses done in different times not being equal to one value.

The theory of investment projects includes many methods and indicators. Only through this way we will reach objective result. These methods can be divided to two groups. The first group includes the methods linked to discounting concept:

- the method for finding net present value;
- The method for finding investment project profitability level;

Thus not linked to discounting concept, the second group includes the two methods:

- the method of finding the time for discharge of money put to the investment projects;
- The method of finding bookkeeping profitability of investments.

At definition of net present value the following should take more attention;

- each enterprise or firm make an activity for increase of own wealth;
- expenses done in different times not being equal to one value.

In the same row with this we should take into account inflation processes during investment assessment

Net present value is the value found during the use of investment project from the before stated and not changing interest rate (rate) income and made expenses separate time in streams and out streams at the given time using the discounting method. Its essence lies in year net money income for each time of project implementation link its results to net present values, and as a result net present value or net discounted income (the difference between discounted income and expense) is shown. For this reason net present value shows the difference between expenses and incomes made in different time. From it, for assessment of opposite variants of investments it is demanded to take into account the value at the time. In this each investor should take into account, that money income is distributed through time, for these reasons money means are discounted using k - coefficient, and this coefficient (rate) is named the sum (interest) paid to investor for its expense.

The calculation of net present value is considered as the basis for making a decision of a firm on investments.

It is calculated as following: first of all, the needed discounting rate is chosen, then present value of incomes expected from the project and investments needed for the project is calculated, then the present value of all incomes is divided to the present value of all expenses. The obtained difference is considered as net present value.

This method gives a possibility for finding the present equivalent of needed rate through discounting. If the discounting rate is more than the percent of the analyzed investment project, then, net present value will be more than zero (positive) and in this the project is considered effective. If this rate is less than the rate for capital, then the project is found not effective, and net project value is equal to zero or even less.

The formula for finding of it is the following:

n

$$NPV = (CF_1/(1+k)^1) + (CF_2/(1+k)^2) + \dots + (CF_t/(1+k)^t) - I_0 \sum_{t=1}^n (CF_t/(1+k)^t) * I_0, \quad (2.2.6)$$

In this, NPV — net present value; k – discounting rate;

I_0 – starting investment; CF_t - t money stream obtained at the end of the time (income).

The discounting rate indeed should be equal to the market rate for long term capital loans or to the rate paid by the borrower. In other words discount rate less than investor's own rate of profit is considered as ineffective.

This indicator in life of investments indeed shows the approach to the calculation of sufficiency of incomes. For this reason it is linked to time and income levels. It plays a great role in comparing opposite projects.

All incomes (in streams) of investment projects should be taken into account according to years linked to production of the project and not linked to it money incomes. If the time of the end of project implementation one share of turnover assets (turnover) are free (released) or the end time value of equipment is planned to means income, in that case they should be taken into account according to times of incomes. If investment project during years needs a row of financial resources, in that case NPV is calculated as following:

$$NPV = \sum_{t=1}^n \frac{CF_t}{(1+k)^t} - \sum_{t=1}^n \frac{I_t}{(1+k)^t}, \quad (2.2.7)$$

in this, I_t — the expense of investments at t time.

Calculating NPV, usually, fixed rate is used. But at some cases, for example, settlement (interest) rate change expectation individual discounting year rate should be

used. This case makes the calculation works, i.e. the finding of NPV much harder. In the above mentioned cases we will see the discounting rate on the following example.

If an existing enterprise plans to make an investment through buying a new thing or managing share portfolio of Share Company, then in order to calculate NPV we should use Gordon formula. This formula has the following view:

$$NPV = (CF_1 \cdot (k + q)) - I_0 \quad \text{или} \quad NPV = (CF_1 \cdot (k - q)) - I_0 \quad (2.2.8)$$

In this, CF_1 — money incomes at the end of the first year after investment: q — continuous rate, i.e. additional level of growth of year money incomes in future.

The calculation of investment effectiveness using NPV provides a solution for making a rationale decision on investment in different circumstances. That is why this method is widely used in world experience.

The result obtained on the basis of net present value assessment of investment projects, i.e. if it is equal to net present value ($NPV > 0$), then the profitability of investment will be more than discounting value, in the case when $NPV = 0$ the project profitability is equal to discounting rate (minimal discharge rate), if $NPV < 0$, then project profitability is less than minimal value.

In the first two cases investment project can be implemented. In the first of these investor's capital will increase, in the second, it will neither increase nor decrease. In the third case of investment project implementation it would be better to refuse from investment project. The reason is the income expected from the project will not provide a possibility to receive a result.

At marking a decision on implementing an investment project it is also necessary to give an attention also to the effectiveness of the projects. For that purpose opposite investment options should be assessment with comparison. Besides, in some practical cases the losses on projects (the losses which can be faced during first and second years) discounting method is also present, it is similar to links of each expense to solely term:

$$NPV = - (CF_1F^{1+k}) - (CF_2F^{(1+k)^2}) + (CF_3F^{(1+k)^3}) \dots - I. \quad (2.2.9)$$

In general, net present value method from the start investment value, i.e. it shows the investor wealth growth in quantity values, only. But investments effectiveness is considered enough not only by changes but also by only quantity result. That is why the investment assessment method should be chosen according to the relative level of growth.

2.3. The description of investments attracted to the telecommunication network of Republic

During the years of independence in the republic's telecommunication sphere capital attraction works were implemented according to the growth of demand. In their row not only domestic capitals can be included but also foreign investments put to our economy foreign capitals also can be an example. In the result of foreign companies participation in this policy big capacity equipment and connection constructions, international and local communication services construction have been launched. More than ten kilometers optical fiber cables installation works have been implemented. In all regions of our Republic new connection stations are launched.

Joint Stock Company "Uzbektelecom"'s telecommunication network reconstruction and development works were implemented at participation of companies of countries like South Korea (Daewoo), Indonesia (BKK), Croatia (Ericsson), Italy (Italtel), Germany (Siemens, alcatel, De TE Line, Detekan), Japan (Mitsui, NEC), China (Huawei).

During the independence years the following objects have been launched:

1. Artificial Earth satellite station. International communication center (NEAX). The project value 6 400 000 USA dollars. It was financed by centralized funds of Uzbekistan. The term of start and the end of the project was in 1992. Artificial Earth satellite station and NEAX-

- 61 AMTS introduced 810 international communication channels capacity. With introduction of additional 13 international communication channels through Moscow it become possible to guarantee broadcasting in Japan, Germany, USA, Turkey, Pakistan, and Great Britain countries. In the result of project implementation temporary international communication channels are thought to become ones of the most principal measures of the policy of our state.
2. In Andijhan and Ferghana regions telecommunication network reconstruction and widening. Daewoo firm's credit. In Ferghana, Margilan, Kokand cities about 50 thousand communication points are thought to be opened. The project was finished in 1996. Total value of the project is 13.8 mln. USA dollars. In Andijhan's Asaka, Marhamat cities 12 thousand numbers and 3 thousand ports AMTS was constructed. Total value of the project is 6.15 mln USA dollars.
 3. Trans Asia Europe optical fiber connection line. Magisterial network of the telecommunication system of the Republic of Uzbekistan was sponsored by Germany development bank in 249 mln. DM value, it was adopted under guarantee of the government of the Republic of Uzbekistan. With the length of 885 km. Trans Asia Europe optical fiber connection line was constructed. In the result from Europe and South-west Asia to 7 region centers digital connections have been constructed. Through Trans Asia Europe optical fiber connection line 622.08 Mbit speed connection was introduced.
 4. Construction and widening of Namangan and Tashkent Automated phone stations. Credit of Alcatel firm. According to the memorandum between Uzbekistan government and Germany Alcatel firm modernization and widening of telecommunication network of the Republic of Uzbekistan project was implemented. In Tashkent city 6 Automated phone stations and in Namangan 2 Automated phone

stations were modernized. (total capacity of subscribers is 78.4 thousand). The value of the project is 70.9 DM.

5. In Samarkand and Tashkent construction and widening of Automated phone stations. Siemens firm credit. According to the decision of the Cabinet of the Republic of Uzbekistan from 24th of May 1995 under the number II 180 with the help of Siemens firm communication construction was launched. In Samarkand city 20 thousand numbers Automated phone stations and in Tashkent 48.7 thousand numbers Automated phone stations were launched. The project was implemented in 1996.
6. In Andijhan and Ferghana regions telecommunication network was modernized. Korea credit.(EDSF) In 1999-2000 with the help of Korean economic cooperation fund 12480 mln. won worth in Andijhan and Ferghana regions with the purpose of telecommunication network development and modernization with total length of 354 km. Optical fiber communication line was placed. In the same regions communication constructions for 46 thousand numbers were also launched.
7. Widening of telecommunication network of the Republic of Uzbekistan. (1 stage of OECF-1) “Telecommunication network of the Republic of Uzbekistan reconstruction and improvement of their activity” project was adopted on 12th of October 1994 by the decision of the Cabinet of the Republic of Uzbekistan with the value of 12.8 mln. Japanese yens Japan’s Government credit was adopted.²¹ The given project being launched in 1997 it was ended in 2000. During the project with the cooperation of NEC firm:
 - 607.2 km. optical fiber connection lines were constructed;
 - for 251.5 thousand numbers digital Automated phone stations in Bukhoro, Navoi, Khorezm and the Republic of Qorakalpakstan;
 - 8 artificial satellite radio stations, 196.8 km Turtkul-Urganch radio relay line;

- With the length of 203.3 km Tashkent-Angren optical fibre connection line;
- 10 RRL stations, with the length of 422.5 km Angren-Ferghana valley RRL reconstruction;

In the result of the project implementation:

- 1) Ending the leading of digital channels to regional centers of the Republic and main network digitization;
 - 2) From Turkenistan and Tadjikistan Republics areas tot the Republic of Uzbekistan for independent Republic telecommunication network guaranteeing main line development, on the basis of modern digital channels base in the centers of Republic's regions guaranteeing television and tele-radio waves general transfer network being of high quality;
 - 3) In the Republic of Qorakalpakstan 86 per cent, Bukhara region 91 per cent, Khorezm region 93 per cent network digitalization and the provided services quality increase;
 - 4) In 41 district centers digitalization approach;
 - 5) Increase of volumes of Nukus, Urganch, Navoi and Bukhara cities stations with the purpose of local and international connection quality increase digital phone stations introduction and increase of the passed volume;
 - 6) Guaranteeing the development of initial network of the Republic of Uzbekistan in future.
8. Namangan city telecommunication network modernization and widening. Huawei firm credit. (China). The value of the firm is 1986000 USA dollars. The source of financing is own assets and Huawei firm's credit. The start and end term of the project was in 2003. Automated phone stations for 4000 numbers was reconstructed. Automated phone stations volume was increased to 5683 numbers.
 9. With the help of Huawei credit in Tashkent city 34/135 Automated phone stations were restructured. The value of the project was

3306369 USA dollars. Financing source is own assets and credit of Huawei firm. The beginning and end term of the project was in 2003. Automated phone stations for 19500 numbers were built. Automated phone stations were developed to 5956 numbers.

10. Modernization and widening of telecommunication network of the Republic of Uzbekistan. 2-stage.

On the basis of “Telecommunication network of the Republic of Uzbekistan reconstruction and improvement of their activity” project adopted on 12th of October by the decision of the Cabinet of the Republic of Uzbekistan on the 6th of June 1996 by the decision of the Cabinet of the Republic of Uzbekistan by №2331 12692 mln. Japanese yens of Japanese Government credit was adopted.

Nowadays with the purpose of modernization and widening of telecommunication network of the Republic of Uzbekistan in the structure of JBIC project primary (transit) network section creation in the Republic of Uzbekistan. Besides modernization of Bukhara-Navoi-Zarafshan-Uchkuduk-Nukus optical fiber connection line through Bukhara-Nukus optical fiber line modernization, in Ferghana and Karshi cities 2 intercity Automated phone stations creation and in the Republic of Qorakalpakstan, Khorezm, Bukhara and Navoi regions local phone stations in 4 regions placement without cable on local trails.

On the basis of telecommunication and information technologies sphere taking important place Joint Stock Company “Uzbektelecom” plays very important role in the development of the economy of the Republic of Uzbekistan.

Stock company “Uzbektelecom” is a national operator, there are 2000 phone stations in it, fitting volume is more than 1.9 million numbers, 37 percent from them are digital structures and 15450 thousand kilometers are main channel and local regional lines, 79 per cent of these lines were created on the basis of digital technologies and covered the whole territory of the Republic of Uzbekistan. Using the modern technologies the company with 20 thousand laborers and own 19 subsidiaries provide wide market services – including, sound connection, information transfer, renting of all telecommunication channels, broadcasting of

television and radio programs, Internet connection and other services. The company own 28 directions of international channels, and it provides the opportunities for getting all countries of the world.

Stock company “Uzbektelecom” in the development of telecommunication network in our country as an authoritative and perspective player, was acknowledged by our Government for its future improvement measures.

Nowadays, the tasks of stock company “Uzbektelecom” are considered as the main tasks in the area of finalization of privatization. Coz, 64.2 percent of the shares of the company will be provided on a tender basis for a strategic investor and it is very important.

In the passed 2007, successful for the company, can be surely named new future and new gains time. Not only in 2007 implemented plans, but the ones launched before were attempted to continue. The gains without any quantity and any main fund widening way, were the company’s economic indicators development approach. For the increase of effectiveness of the company continuous production infrastructure development modernization and on the basis of modern technologies provision of new demanded services is continued.

It is known, that the main priority of the company is its people and the company’s successes is directly linked to social protection level and their improvement possibilities. The place of investments directed to possibility of the company’s staff development can be felt as more important than according to production sector means.

In 2009 the main tasks were the increase of provided services volume and quality, creation of new service types and for the clients of company new services and for their needs service types creation as the main task. In other words, the company works on a continuous basis to balance foreign and domestic, i.e. the demands of clients .

Besides, for the purpose of full implementation of privatization project of stock company “Uzbektelecom” at attraction of strategic foreign investors, for achieving development indicators of the company and creation of the needed

environment were main tasks for 2009. Now let's try to directly talk about development strategy of the company:

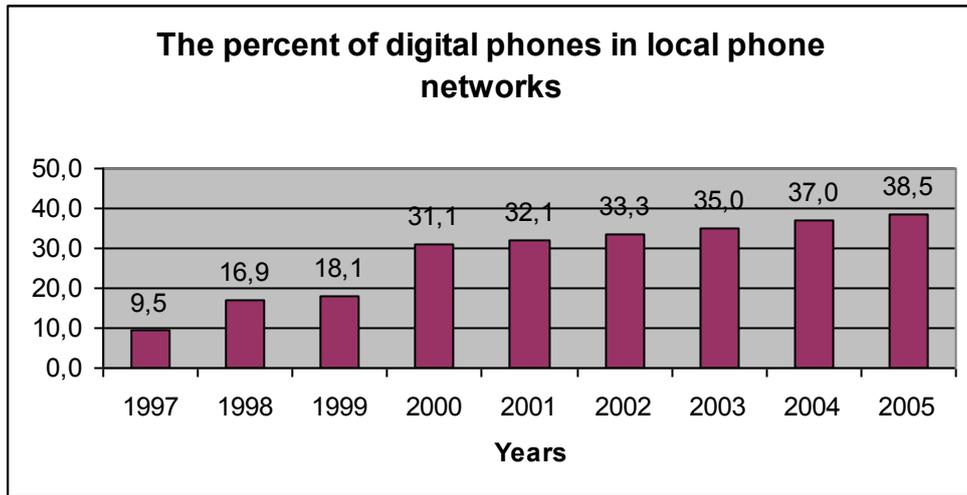
- Local phone network main phones have grown on 32.7 thousand items, their total number has reached to 1689.7 thousand.
- The transfer through international channels grew to 14336 kbs/s.
- In the limits of JBIC project in Qorakalpakstan Republic and Navoi, Buhoro, Khorezm regions wireless radio network construction was started.
- On main and internal zones lines optical fiber line grew up to 2700 km.
- The number of subscribers of information transfer network grew 3 times, the international channels transfer capacity has also grown in 3 times. The capacity of internet network grew according to 2007 in 9.8 times.
- From all financial sources 82.04 mln. sums of foreign capitals have been attracted, this according to 2007 is considered as a growth in 4.99 times.

In skills improving 595 workers have been sent abroad, they study on the following specialities and training courses: technical exploitation, management, finance and economy, human resources management, jurisprudence and others.

During 2008 in the result of stock company «Uzbektelecom» city and country phone networks construction, reconstruction (reequipment) and widening Automated phone stations assembly capacity grew on 21,1 thousand numbers.

With the joint ventures entering the phone companies status 2011 Automated phone stations work, their total assembly capacity is 1928,9 thousand numbers (without joint ventures - 1770,4 thousand numbers).

The total assembly capacity of digital electron stations is 742,6 thousand numbers (without joint ventures - 642,6 thousand).



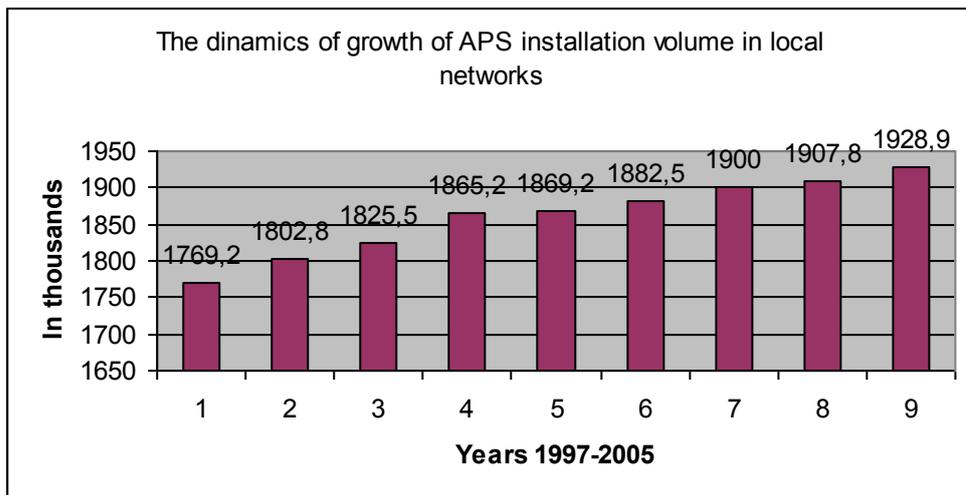
(2.3.1.)

In the accounting year local phone networks electron automated phone stations comparing capacity grew from 37 % (2007) to 38,5 %.

Local phone networks automated phone stations installed capacity is 88,4 %.

Total number of phones of phone subscribers to local networks with grew on 32,7 thousand items and the number of subscribers made up 1689,7 thousand (without joint ventures - 1542,5 thousand), this includes 87,3% of main phones working in 87,3% country sectors.

From the high frequency channels of the network 91 % is digital transfer systems. The length of local network optical fibre connection line is 881 km.



(2.3.2)

Intercity and international connection network development.

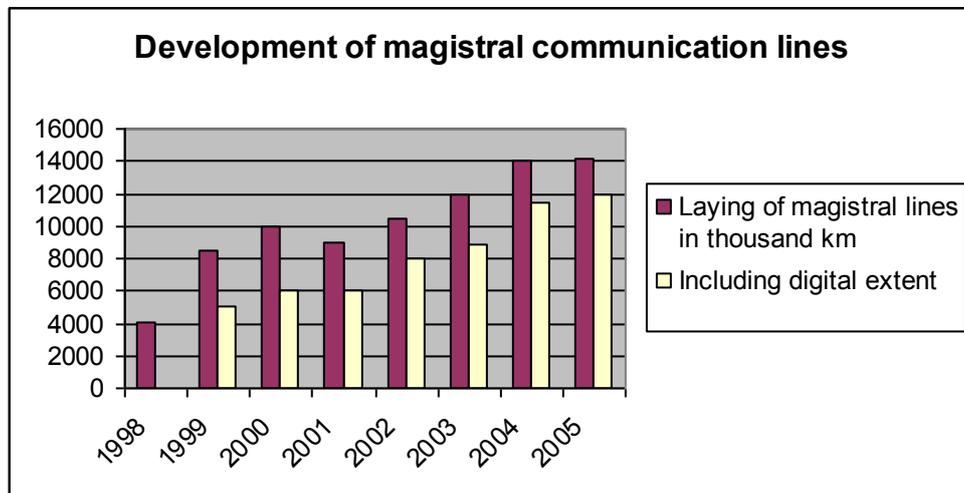
In stock company “Uzbektelecom” being available high speed main network, 89.45% of it and 10.55% considered as local lines on the basis of SMT 1

and 4 constructions are equipped and the remaining constructions work on the basis of SMT 16 technology. Intercity, international and local networks length make up 16000 thousand channel kilometers. Stock company “Uzbektelecom” main and local networks optical fibre connection lines reached 2700 km.

With the help of present system constructions SDH main network optimization and privatization purpose implementation construction works are underway. In 2005-2009 in Tashkent, Sirdarya, Jizzakh and Samarkand regions more than 800 km optical fibre connection line installation works linked matters are studied.

(2.3.3)

Main connection line development								
Indicator	2001	2002	2003	2004	2005	2006	2007	2008
Main line grew up to ..., thousand km. channel	4196	8591	9937	9342	10507	12000	13944,05	14322,4
It includes digital networks	82	4811	6030	5886	7876	8760	11577,43	11957,9

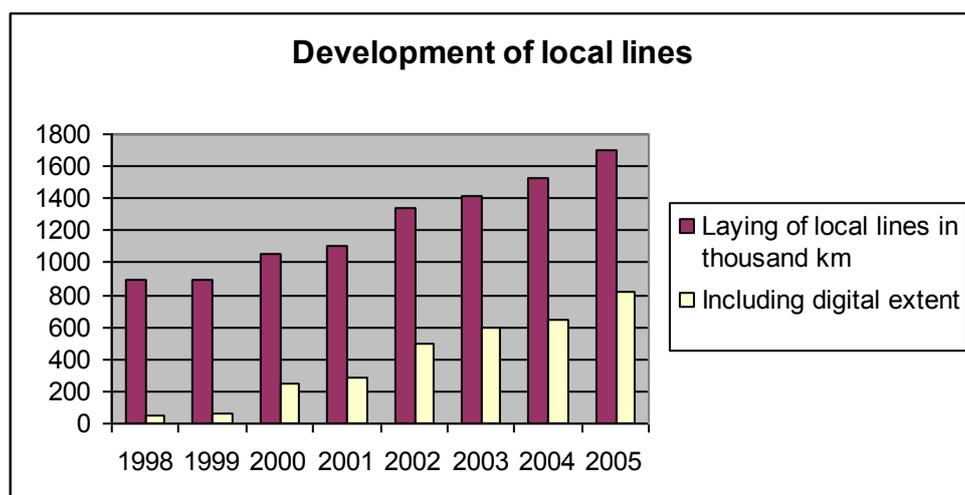


(2.3.4)

We all know, that we can even not speak about, that with the help of old and metallic cables the quality of services provided now is increased and their list is widening. The use of two parallel networks (analogous and digital) needs high expenses. With the help of international financial systems digital network activity and concordance is also provided. Nowadays on the capacity of the country main attention is given to main and local networks digitalization level increase.

(2.3.5)

The development of local connection lines								
Indicator	2001	2002	2003	2004	2005	2006	2007	2008
Local line grew up to ..., thousand km. channel	905,7	882,8	1066,6	1102,9	1349,1	1450	1527,2	1688,3
It includes digital networks	63,3	73,7	278,6	304,8	500,5	600	670,85	842,19



(2.3.6)

Switched phone networks like EWSD, AXE-10, NEAX-61, DTS-2220, C&CO8 are transferred to digital switched systems of international and intercity

networks. In 2004 in their row with Huawei Technologies firm station for 2220 was developed, this station was launched in Kashakdarya region and Fergana region and it is intended for 3450 ports. The dynamics of digitalization of intercity and international station on modern signal protocol has reached 100%.

In the area of provision of intercity connection stock company “Uzbektelecom” having powerful high speed main network, 84% main and 40% zone internal lines were created on the basis of CTM–1 and CTM–4 level constructions, new constructed connection lines are created on the basis of CTM–16 level systems. Laid international, intercity and zone internal channels length in the end of 2008 being more than 15450 thousand kilometers, 5615 thousand channel kilometers (36.4%) were optical fiber lines. Stock company “Uzbektelecom” laid in main and zone internal line 3116 kilometers of optical fiber cable. In 2008 in main and zone network more than 1200 kilometers optical fiber connecting lines were made.

In intercity connection networks construction of new lines were continued and to the present main network through placing of prolongation constructions network optimization and reconfiguration works were implemented. The present year more than 1500 kilometers of optical fiber connection cable laying and 350 kilometers of digital radio relay lines construction was planned. There is no possibility to use old metallic cable lines for new services types increase and their nomenclature widening. Two parallel (analogous and digital) networks exploitation demands high exploitation expenses, that is why there is high importance of withdrawal from exploitation of fragile according to digital ones and demanding high voltage analogous prolongation system constructions. In future the main attention of our republic is given to main and zone internal networks digitalization increase.

Intercity and international phone networks are based on switched digital systems of EWSD, AXE-10, NEAX-61, C-12 and DTS-2000 type. They include, in Karshi city constructed and launched in 2003, Huawei technologies firm’s C&CO8 station intended for 2220 ports. In near future in Ferghana city

quazielectron ShAC intended for 3450 ports will be transferred to digital one. All intercity and international stations fully transfer modern signal protocols to the supporting numbers.

During the obvious development of information communication technologies high speed use of information, for effective activity of entrepreneur in each sphere serve as very important condition.

Foreign capitals

Stock company "Uzbektelecom" in 2008 from all financial sources have drawn up 82.04 billion soums. This according to 2007 is 4.99 times more. According to financial sources foreign capitals are distributed as following: main volume being own assets of the company made up 42.21 billion soums or 51.2% from the whole drawn capital. Foreign capitals and credits made up 39.32 billion soums or 47.9%, assets of commercial banks or other financial organizations made up 513.2 millions soums or 0.6% of total capital.

CHAPTER 3: WAYS TO INCREASE EFFECTIVENESS OF INVESTMENTS IN TELECOMMUNICATION

3.1 Investment policy in the sphere of information – telecommunication policy

Information-communication sphere can be divided to two parts:

- 1) Physically created organizations – organizations providing information transfer services (operating services providers and information cellular and fixed transfer services operators);
- 2) Practically organized organizations – creation, proceeding, transfer, receive and storage services implementing organizations.

Physically organized organizations differ from practically organized organizations by high capital volume, thus physically organized organizations receive higher share of total and info telecommunication sphere investments and incomes. The main factor of scientific – human program goods development from production organizations difference is connection organizations main factor of investments to provided services to market widening. Also on the analysis of info telecommunication shpere investments, investments direction to physically organized organizations network matter is considered.

In the sphere investment activity stages and the network's technical– economic effectiveness formation investments' role grows from day to day. The real purpose of making an investment is not the creation of Technical information systems networks, but participation of network to regular economic capacity additional income formation (economic growth).

Now let's divide 3 existing factors of economic growth in the desired society.

1. collection of capital including investments spent on equipment, land and human resources.
2. The population growth and growth of labour force linked to it.

3. Technical development.

Let's study each factor

Collection of capital for the purpose of one share of the existing income collection and future incomes increase takes its place for investment conditions. New materials and equipment increase fund of physical capital of the whole network.

Investments to human force increase the quality of work power and it can increase the number of employed workers thus increasing the production effect. (human capital is humans skills and experience).

Specific feature of capital collection is, the choice between today and tomorrow consumption, i.e. in order to have the more in future the more should be refused today.

The population growth, work resources growth in the result of it, usually is considered as an economic factor stimulation economic growth. The more there are working power, the more there are production possibilities, i.e. its domestic market will also be similarly wide. But for an emerging country having excess working power rapid population growth is not always a positive case.

At population growth effective economic system is linked to creation of new working places. This possibility is highly linked to collection of capital rates and entrepreneurship initiative of production and managerial skills factor.

Technical development. Growth of knowledge is leading factor of economic growth. Inventions and innovations are two factors of scientific technical knowledge development. Innovation is improvement of methods of use of the present knowledge.

Technical progress, thus, can also be linked to the increase of quality of working power or capital. For example the working power skills technical progress increase effectiveness of work, the use of new methods of education (video devices and others) arise. In corresponding manner technical progress influence of capital fruitfulness increase finds its reflection in more effective use of machinery and working devices.

The complex of factors are considered as the sources of economic growth. For economic growth stimulation physical and human capital investments take a separate meaning. They not increasing the volume of production resources but also increase the attraction of a row of technologic news and others for their activity.

Let's see investments with direct link to economic growth and what is understood under this notion.

In wide interpretation investments provide needed mechanism for network economic development and growth. For the general view of the role of investments let's direct towards the main notions, and study the system of investment process participants types.

Investment is a method (instrument) for saving the capital value or growth and providing of positive growth of capital through capital placement, in other words with the use of money saveness or through increase of their value and method of guaranteeing of largeness of capital.

From this investment is the refusal from money today for higher value of them in future.

According to the capital placement there are the following types of investments.

A) real (material, property) investments are the types of investments in which companies or state place material assets.

In the area of state and company, they are the streams to labour and working items. In this investment money assets and without them can be implemented.

B) Financial investments: paper contracts can show the following:

- debt obligations (bank deposits, bonds...);
- on the basis of property rights participation in companies (simple shares);
- any asset, including, the selling of share in the company or the right for buying (options).

In native economy the main part of investments were real investments, and in modern economy big part of investments are the financial investments. Financial investment institutions high level of development stimulates the growth of

investments. According to the rule, the two types of investments are not competitive to each other, but they complete each other.

Problems and shortages of investment activity.

Problems and shortages of investment activity can be divided into 3 categories:

- Problems and shortages on the republican level;
- Problems and shortages on the area level;
- Separate organization's problems and shortages.

Problems and shortages on the republican level.

1. The lowness of population and economic subjects possibility for demanding universal connection services even at state prices. The settlement by the state of the prices for the stock company «Uzbektelecom» do not allow to gain enough income to reconstruct or develop on reinvestment basis. Population and economic subjects solvency lowness is the factor for search of all sources of investments by the companies working in this sector.
2. Uncertainty of economic status of the country wellbeing development.
3. Absence of currency exchange for all settlement accounts in national currency.
4. Additional expenses in view of bribery and corruption of entrepreneurs.
5. According to the rates of inflation growth connection services tariffs also grow higher, this makes the real income of national operator lower.

Problems and shortages on the area level

6. Absence of strict limits between high organizations strict and Agent groups is a strategic factor and for potential investors can be a big risk. Investor buying major portfolio of shares can be put under oppression. For example, we can examine national program, laying on national operator stock company «Uzbektelecom»'s responsibility, up to 2010 development and reconstruction of telecommunication network of the Republic of Uzbekistan. (the government can demand stock company «Uzbektelecom» to implement that program).
7. The absence of clear strategy for area development.

8. Decrease of expenses, creation of new services, approaching with customer, unfortunately for wishing or not being in the position of monopoly national operator.

Separate organization's problems and shortages

9. Weak management can solve short term matters, but not being able to make long term progress strategy, not being able to find skillful personnel. In most companies and organizations managers are not managers with education in sphere of jurisprudence, investments and financial marketing and neither are specialist managers, but the ones obtained education of «operator» and are just «executors».
10. The absence of clear system on information collection, strategy and tactics of analysis on the affectivity of implemented investment projects, problem identification and its solution.
11. Absence of affectivity of subsidizing of expenses of one project by the incomes of another projects.
12. Not marketing study of services market of customers' demand and through it satisfaction of that demand for the purpose obtaining of maximal profit.
Assessment of specific features, similarity and superiorities of investments sources.

In international experience investment sources differ in the following

Own sources of organization are composed of two structural parts:

1. Amortization deductions. From nature and essence they first of all for long-term investments, the repeating use of fixed capital of organization in the production process.
2. Incomes of the organization are the sources for amortization deductions, and in the same row of organization's main, stable and continuous source.

In the result of population and economic subjects' paying ability lowness the social protection and for the purpose of total work assets increase there is a need for state regulation of universal services prices; this factor limits the growth of

operators providing services, correspondingly it limits the investments implemented at the account of own sources.

Additional growth of shares in the result of the increase of charter capital (additional payments to collected capital), first of all buying of new construction and more productive equipment and in other view production structure of the organization on the basis of new techniques modernization and widening capitals are thought investments.

In the essence, according to share capital smaller private capital not able to buy big financial streams in production and other structures capacities (hilly productive) construction matters are solved through infusion of centralized individual capitals.

Dividends directed to shareholders' investment projects financing. According to the decision of the general meeting of shareholders the sources for paying in total value or their part can be directed to technical equipment projects financing.

This type of financing is used by Intelsat Ltd New Skies Satellties MV and other big companies.

Commercial credit of bank or financing organizations – usually, is for the user interests payment and with the request for their return in view of good or money loan. The credit providing and the sum of credit, usually demand guarantee sum by the bank. Thus, obtaining a credit, its guaranteeing and return terms have the same type as the terms of bonds debts. Being organized not only by bank but also by the project obtaining a credit credit is thought as additional guarantee for lending.

3.2 Measures for increase of foreign investments attraction in the sphere of telecommunication and for their effectiveness increase

In the economy of Uzbekistan modern condition of foreign capital attraction mechanism to the Uzbekistan economy demands their development. Being based on developed countries experience political stability factor and Uzbekistan national currency exchange rate nowadays is considered as main condition for state development. From this in attraction of foreign capitals process stimulation the following macroeconomic directions can be distinguished:

In Uzbekistan for the purpose of foreign capital high stream guaranteeing implementation of direct administrative-bordering description organizational works legal base stability development, economic reforms stage and continuous works prediction, insurance and bank view production infrastructure and market development, improvement of informational base, transport and connection ordering.

For the purpose of improvement of investment climate of Uzbekistan the following should be provided:

Stability of political and legal systems, stopping of introduction of changes to standard and legal acts, based on national experience introduction of benefits to tax policy, creation of convenient sphere for capital streams to the economy of Uzbekistan, decrease the corruption in governmental spheres, obligatoriness of legal and financial guarantees to foreign capital, development of production risks insurance system etc.

Development of collect ional preferences program in Uzbekistan on increase of national and foreign investments, which in the result will guarantee the implementation of investment contracts. And foreign capitals insurance, financial institutional and legal guarantees will be assigned.

In Uzbekistan taking into account production activity futures assessment and on state area investment programs is thought as very needed. Indicators do not implement assessment of foreign investments real interest of foreign capitals.

Taking into account the main features of Uzbekistan we can define the following directions of international development:

- World experience shows the effective market economy and closed economy conditions definition. At the implementation of these economic reforms the need of effective steps are mentioned. This demand is implemented by international organizations and private investors.
- Limit capital stream in a country with risky economy. The speech is about foreign states and international financial credit organization's capital stream.
- In Uzbekistan transnational corporations capital attraction possibility. This demands specialized program and provides in itself Uzbekistan interests.
- If, in Uzbekistan foreign capital attraction methods and traditional status is not used, then the foreign capital attraction ideology should be changed. Special attention should be paid to the matters of finding of internal sources, other opposite sources.
- Nowadays in Uzbekistan foreign capital attraction is weak on a known level and in the implementation of the reason for the case of capital leaves the country. The same relation shows the weakness of investment activity. The departure of capitals is characterized on a known level by absence of prevention of some legal shortages linked to international financial organizations and private investors.
- And in the end the modern development of international market and attraction of capital to Uzbekistan some attention should also be paid to the possibilities of foreign capital attraction, because dirty money can also come to the area of play. In developed countries there is mechanism to prevent this condition.

Looking to the place of telecommunication network in the development of the economy of the Republic of Uzbekistan and reforming the market economy in august 1995 "Up to 2010 time development of telecommunication network in the Republic of Uzbekistan program" was adopted. The purpose of this program is for the satisfaction of economic and population connection services and taking of deep place of world telecommunication system creation of national telecommunication network on the basis of digital switching constructions and digital transfer systems.

But, the implementation of the program did not fully satisfy the modern demands. Own influence was madly by opposite connection constructions, the decrease of the demand in country area to telecommunication services, resulting in shortage of own equipment and foreign capitals. Network structural reconstructions, economic reforms growth rates, telecommunication services market characterized by appearance of new operators has own influence. Besides, in it structural –legal matters, macroeconomic growth of telecommunication, post connection and information technologies world development passed new influence.

Effectiveness is assessed by the choice of that or another investment project attraction and through the sources of financing. It includes the following:

- social effectiveness of the project;
- commercial effectiveness of the project.

Social effectiveness of the project indicators, show in society and thus of project expenses and results and external expenses and results for the economy, social and other external economic effectiveness.

Commercial effectiveness of the project show investment project implementing one participant and at implementation of the project all needed expenses and results of use in economic condition.

The following is included to the attraction and use of capital:

- according to the attraction
 - Terms of interest – provision of credit, interest for its use, participation of foreign capital, other terms of use, including the time of return of the credit.
- according to use
 - The effectiveness of use – full use of foreign capitals.

The effectiveness of use of capital is linked to many factors:

- organizational measures;
- financial measures;
- measures for reconsidering of production;
- measures for management system improvement;
- measures before selling;

- taking out of state property and improved privatization;
- attraction of international counselors;
- development of small networks and improvement of equipment placement;
- preparation of skilled staff etc.

As world privatization experience shows for maximum effectiveness of capital the following should be reached:

1. Maximization of shares selling of privatized company.
2. Attraction of big capitals to that company.

With the long term interests for potential investor attraction the following row of terms should be put and they are described as following:

- Choice of final form of selling. Investor is ready to pay for a share of a company at least the equipment price. According to this, if limit price of a share is equal to market price of the share, is based on exact information of investor.
- Organization of improved corporate structure of an enterprise. Corporate structure of an enterprise should be improved. The experience shows that many parts of a holding, i.e. division of operator to enterprises bring to shortages to its societies management. Thus from the point of view of network division management many economic shortages and credit financing brings to lowness of price.
- Holding includes local, regional, intercity and international connections in its structure. At the implementation of tariff policy has the need for possibility of prevention of opposite subsidies has a great importance. In it telecommunication services profitability (intercity and international connection) is included in unique holding system.
- Improvement of local and intercity operators included to unique holding system.
- Absence of enterprises without purpose in a holding. Entering to holding of only similar servicing enterprises, i.e. only operators or equipment production participating ones.

- Achievement of maximum level of information fairness. Investors can correctly assess only linked to company information of an object privatized in enough volume.
- Readiness of information for selling. Main factor of readiness for selling, potential investors securing with enough information and in needed time free use of information.
- Choice of financial advisor. At implementation of assessment the information linked to enterprise, thus conducting successful conversations with potential investor's presence of financial advisor in enterprise also plays a very important role.
- From economic point of view fully legitimate investment project organization. Each investor according to own interest from the point of profitability and growth of an enterprise analyze the offered investment projects. For that reason these investment projects during the exact time should self-repay.
- Preparation of shares market. If a company entering a holding fully or only partially is priced on second market, participant enterprise price is defined after the settlement of a holding price.

Conversion to shares process is considered investment process directly linked to consumers streams to the network. The main purpose of it is the use of cheap equipment thus providing the possibility of phone use. From one side this enterprise investment widening, from the second side making alive of securities market, this itself stimulate market relations development.

In the telecommunication areas of the Republic of Uzbekistan mechanism development and development reforms.

Based on the method of definition of foreign capitals effectiveness and metrology capital streams create a system for receiving not only one time but a possibility for receive interests level linked to a chain researches characterized activity. This makes an attempt of not only with the direct definition of production or servicing system of effective objects but in all lines of the national economy use, attraction of new techniques to national economy, in general production

effectiveness, science progress new lines, social-economic tasks generalization matters solution.

The growth of investments effectiveness among society is characterized with many difficult and many-sided social – economic matters solution. It brings with itself solution of all shortages of an economy: its meaning lies in the result of very low labor, material and money assets expenses implementation the achievement of high incomes. In the result of social effectiveness growth the growth of national incomes, the national wealth of Uzbekistan will also increase. If capital streams volume directly increase national income and linked to its collected share, national income volume is directly estimated through capital streams effectiveness and in the return to define production funds effective use.

CONCLUSION

In this dissertation analysis of investment activity and ways of increasing its effectiveness was considered on the example of joint stock company “Uzbektelecom” taking into account the specialities of communication enterprises

During the process of making conclusions of the work with the purpose of acceleration of attraction of investments in the condition of Uzbekistan the following row of works are advised to be implemented.

First, liberalization of foreign investors’ rights from legal side i.e. determination of legal status of investors, clear determination of privileges and creation of right for free distribution of their own profits.

Second, simplification of the legal basis for implementation of the process of financial privatization, guaranteeing of attraction of foreign capital on the market of real estate, ensuring the prevention of beurocratic movements through the system of legal acts and instructions.

Third, introduction of benefits to the system of objects of infrastructure and private property, land and profit taxes, fair creation of economic categories.

Fourth, ensuring of a row of convenient terms for importer, which creates a row of terms for system restructuring of economy and its enterprises with foreign investments.

Fifth, provision of secondary subordination of local customs offices and customs houses to local authorities that will allow controlling the customs duties and excises with taking into consideration the local interests, authorization of local authorities to set privileges on goods imported or exported through local customs offices in region, with direction of part of the income to local budget.

Sixth, necessity for establishment of efficient and working system of stock market, setting up of clear cut hard rules of game for its participants.

Seventh, in the process on implementation of project activity arisen problems solution through participation in investment banks, but not using for that the necessity of bank system, implementation of solid and prosperous measures for banks and solutions of CBU.

Others:

According to inflation measures against the growth of connection services tariffs. Taking into account the abovementioned tariffs establishment.

One of the main factors for increase of incomes of enterprise is the effective use of “additional services” of phone station. Above shown Stock company «Uzbektelecom»’ digital auto stations «additional types of services» during 2001-2008 have been analysed. Having studied that «Uzbektelecom»’ digital auto phone stations «additional types of services» use was in 2003 - 4,01%, 2004 - 17,38%, 2005 - 21,45%, 2006 - 23,8%, 2007 - 25,17% and in 2008 -28,22%. In general the level of these indicators is very low. That is why it is important to promote additional types of services among population on a large scale. This includes, advertisements and announcements publication through mass media means, free distribution in all town and district phone subscribers points of additional service types and the orders of their use information and thus the permission of launching of “additional services” of phone stations.

Besides Joint Stock Company «Uzbektelecom» is situated in one of the old and pilgrimages and young tourist centers. Each year from all countries of the world millions of tourists come. It is natural they also use connection services of Stock capital company «Uzbektelecom» and face a row of problems. For this purpose, taking into account the abovementioned it should be possible to pay for connection services not only in national currency (sوم) but also in foreign currencies according to state currency exchange rate.

All abovementioned will help to increase deposits and effectively use the foreign investments for the purpose of restructuring of our economy and getting out of regress.

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