

Problems and Prospects of Development of Investment Processes in Construction

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Abstract – *This article reveals the basic concept of investment processes in construction, highlights the main problems of this industry. The authors proposed their own ways of solving problems, as well as the prospects and importance of investments in construction. A strategy for the further development of investment processes in construction is presented.*

Keywords – *Investment, Construction, Development Strategy, Economy, Social System, Real Estate, Population Density, Crisis, Perspective, Land Plot.*

I. INTRODUCTION

Managing the development of any economic system in modern conditions requires their compliance with the state of the economy as a whole and the changes that have occurred in the country. In connection with this requirement, the management process needs timely and prompt adjustment and development of the main directions that ensure the improvement of the process under consideration, as well as the elimination of existing shortcomings.

The relevance of this topic is due, on the one hand, to the scale of construction and the volume of investment in this industry, and on the other hand, to insufficient awareness of the mechanisms of investment in construction.

The problems of investment-construction complex is extremely important because of the changed targets due to the transition to a market economy, increase of market demands for technical and economic proposals in construction, the compliance of construction projects a wide range of

investment resources, increased possibilities for architectural practice, the social needs of the population.

II. MAIN PART

There have long been many dilemmas about problems in construction. The past crisis in this area has not brought anything good. Today, there are quite a lot of problems in construction in the Republic of Uzbekistan that people face - corruption, fraud, high real estate prices. The state is responsible for solving the problems of corruption and fraud. The cost of real estate should be discussed separately. For Uzbekistan, the current problems of the modern construction industry are sinkholes, subsidence of the earth's surface, the probability of an earthquake and a very dry climate. This in turn repels investors. The lack of detailed engineering and geological information on the basis of which the design and construction is carried out, underestimation of certain factors, the appearance of additional negative phenomena during operation, leads to deformations of buildings and even

emergencies. The solution of these problems handled by a special service.

Another problem is the time required to obtain a construction permit - from buying land to entering the site in Uzbekistan can take up to 2 years. First of all, we need to start with the legal framework and try to facilitate the process of obtaining a construction permit.

Profitability is growing, liquidity in this sector is lower, Bank loan rates are higher, and the level of direct investment is now lower. The main problem of the housing sector is the lack of long-term credit. To solve this problem, you need to find long money. Integrated development of territories is hindered by the lack of a basic law for public-private partnership: when the state enters into projects, and what objects are ready to allocate funds for.

III. DISCUSSION

Enterprises and regions do not fully possess the mechanisms and system technologies to justify and attract foreign investment in local projects. Often, the practice of developing a feasibility study for a project is still in operation without a thorough business plan, and for cost-effective projects, a business plan is still in operation. Where business plans are put into practice, their development is usually not carried out with sufficient quality, especially in the economic and financial part. At the same time, if you want to attract a foreign investor, you must take into account not only the international requirements of a particular investor, etc. Many Russian consulting and other companies are engaged in solving this problem.

The construction industry occupies a special position in the national economy of any country. Construction, as a part of the economy, participates in the creation and modernization of fixed assets for all other sectors of the economy and, thus, is a key Fund-forming industry. Therefore, the efficiency of the construction industry – the cost and timing of construction and modernization of fixed assets of the economy-determines the ability of the country's economy to accelerate development and the pace of solving the most important socio-economic problems.

International experience shows that the role and importance of the construction industry in the structure of the economy varies depending on the stages of development of the country. The share of this sector increases in the early stages of development of developing countries, stabilizes when the country reaches the level of middle-income countries, and decreases during the period of economic maturity. Investment in housing is a more important driver of

developing countries ' economies than investment in other sectors, primarily because of the high multiplier effect of the construction sector.

From the perspective of the future, all developing regions are expected to continue to show a positive trend in terms of investment in the global housing and construction sector over the next two years. In General, the phase of increasing global housing construction continues, but it will be characterized by a slight slowdown in global dynamics and at the same time a wider geographical spread of the growth trend.

In this sense, the indicator of housing security is important – based on this indicator, we can predict the expected growth of housing construction in various regions of the world:

Table 1. Housing security for the population in 2018

Country	Housing security (m2 per person)
Russia	23,7
Norway	74,0
Germany	45,0
Denmark	50,6
United Kingdom	62,0
Finland	38,9
Czech Republic	38,8
Sweden	60,0
USA	75,0
Uzbekistan	16,0

In Uzbekistan, the construction sector grew faster than other sectors of the economy between 2000 and 2014. If the output of industrial products increased by 3.2 times between 2000 and 2014, agriculture-by 2.4 times, the volume of construction – by more than 4.3 times. The industry's share in the national economy increased by 5.1% in 2000 to 6.8% in 2014.

According to the assessment Of the Department of macroeconomic indicators and national accounts of the state statistics Committee of Uzbekistan dated 11.01.2018, the share of construction in the GDP structure was 6.8%. The positive contribution of the construction industry to GDP growth is estimated at 0.4 percentage points.

According to the statistics of the state Committee of Uzbekistan on statistics, the growth in the number of people

employed in construction was 3.3% by the end of 2017, while the share of people employed in construction is 9.4%.

Moreover, achieving the goals of industrial and innovative development of the country in the period up to 2030 implies increasing the share of industry in GDP to 37.0% by 2030. The increase in the share of the processing industry in GDP is particularly relevant. Increasing this indicator from 9% in 2010 to 22 % by 2030 implies achieving an annual growth rate of value added in the processing industry at the level of 11.3%, while the average annual growth rate of this indicator in the extractive industries at the level of 5%. The experience of developing countries shows that solving this problem requires the concentration of production forces in the so – called growth points-in cities and urban agglomerations. Economic growth is always accompanied by increasing urbanization – these two processes feed each other. There is a direct statistical link: most countries with incomes above \$ 20,000 per capita are more than 60% urbanized. Most countries with incomes below \$ 10,000 per capita are less than 50% urbanized.

IV. CONCLUSION

In General, the course of accelerated economic growth, positive demographic dynamics, attracting borrowed funds and active integration of the Republic of Uzbekistan into the regional and global system of trade relations allows us to predict a rapid growth in construction volumes in the country in the next 10 years.

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