

THE ROLE OF INVESTMENT IN THE DEVELOPMENT OF THE CAPITAL MARKET

Abstract: *This article discusses the role of investment in the development of the capital market.*

Key words: *Capital, market, securities, investment, stocks*

РОЛЬ ИНВЕСТИЦИЙ В РАЗВИТИИ РЫНКА КАПИТАЛА

Аннотация: *В статье обсуждается роль инвестиций в развитии рынка капитала.*

Ключевые слова: *капитал, рынок, ценные бумаги, инвестиции, акции.*

The growth of the gross domestic product (GDP) that has taken place in recent years is evidence of the outlined recovery of the Russian economy. However, it is important that the growth of GDP in the country's economy was due to the development of industries producing high-tech and competitive products that provide demand in the domestic market and access to the external one. The most important factor for solving this problem is to increase the scale of investments and increase their efficiency.

As a result of market reforms in the country, there have been significant changes in the organization and implementation of investment activities, along with state investments and investors, private and foreign ones appeared. Accordingly, new, increased requirements were imposed on the efficiency of investment projects, the formation of sources of their financial support and the optimization of the latter. Under the influence of internal and external competition, innovation has become an integral part of business development.

The stock market has been formed and is functioning, which allows enterprises to mobilize resources or invest them in financial instruments. Leasing, project financing, mortgage lending and other modern methods are being introduced into the practice of financing capital investments.

However, the key investment issue remains investment in fixed assets of the enterprise. It is investment in the development, improvement, timely maintenance or replacement of fixed assets that gives the enterprise the opportunity to improve production efficiency, expand the sales market, increase production capacity and the quality of products.

In other words, capital investments are investments in fixed assets (fixed assets), including the costs of new construction, expansion, reconstruction and technical re-equipment of existing enterprises, the acquisition of machinery, equipment, tools, inventory, design and survey work and other costs.

Thus, the objects of investment carried out in the form of capital investments are the costs of construction and installation work during the construction of buildings and structures; purchase, installation and adjustment of machinery and equipment; costs for design and survey work; the costs of maintaining the directorates of an enterprise under construction; costs for training and retraining of personnel; costs of land acquisition and resettlement in connection with construction, etc.

Investments carried out in the form of capital investments are subdivided into the following types:

1) defensive investments aimed at reducing the risk of purchasing raw materials, components, maintaining the price level, protecting from competitors, etc .;

2) offensive investments, due to the search for new technologies and developments, in order to maintain a high scientific and technical level of manufactured products;

3) social investments, the purpose of which is to improve the working conditions of personnel;

4) mandatory investments, the need for which is associated with the satisfaction of state requirements in terms of environmental standards, product safety, other conditions of activity, which cannot be ensured by only improving management;

5) representative investments aimed at maintaining the prestige of the enterprise.

Depending on the direction of action, there are:

- initial investment (net investment) made upon acquisition or founding of an enterprise;
- extensive investments aimed at expanding production potential;
- reinvestment, which is understood as the investment of released investment funds in the purchase or manufacture of new means of production;
- gross investment, including net investment and reinvestment.

In economic analysis, another grouping of investments made in the form of capital investments is also used:

1) investments aimed at replacing equipment worn out physically and (or) morally;

2) investments in equipment modernization. Their goal is primarily to reduce production costs or improve the quality of products;

3) investments in the expansion of production. The task of such investment is to increase the possibilities of producing goods for previously formed markets within the framework of already existing industries, while expanding the demand for products or switching to the production of new types of products;

4) investments in diversification associated with a change in the range of products, the production of new types of products, the organization of new sales markets;

5) strategic investments aimed at introducing the achievements of scientific and technological progress, increasing the degree of competitiveness of products, reducing economic risks. Structural changes in the economy are implemented through strategic investments, key import-substituting industries or competitive export-oriented industries are developing.

Investments made in the form of capital investments play a very important role in the life of every enterprise. The main opportunity to improve the financial condition of the enterprise is precisely the investment in the organization's fixed assets. Through investments in development, improvement, timely maintenance or replacement of fixed assets, it gives the enterprise the opportunity to improve production efficiency, expand the sales market, increase production capacity and the quality of products. Ultimately, this can increase the volume and range of products, expand the client base, shorten the delivery time of raw materials, production time, product delivery and, as a result, increase the profit of the enterprise.

However, it should be borne in mind that for all these positive effects from capital investments, a comprehensive economic analysis of the project is required, which will answer the question: will the company's management be able to control the increase in production? After all, the concentration of production can lead to the loss of production management, a decrease in labor productivity, significant damage to social development and disruption of the natural environment. Therefore, before the implementation of the project, it is necessary not only to analyze its positive aspects, but also to pay attention to the managerial, organizational and optimization capabilities of the bodies managing the project.

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