

INTERNATIONAL APPROACHES TO MEASURING INVESTMENT EFFICIENCY IN
THE TEXTILE INDUSTRY

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Annotation. The state presents the theoretical foundations for attracting and managing investments in the textile industry, scientific features of organizing and financing investment projects, and foreign experience in calculating the effectiveness of investments

Key words: Investments, investment projects, export, quality, economic methods, methodology, world prices, arrived.

Аннотация. В статье представлены теоретические основы привлечения и управления инвестициями в текстильной промышленности, научные особенности организации и финансирования инвестиционных проектов, зарубежный опыт расчета эффективности инвестиций.

Ключевые слова: Инвестиции, инвестиционные проекты, экспорт, качество, экономические методы, методология, мировые цены, прибыль.

Introduction

In recent years, complex measures have been implementing in our country to develop the textile and sewing-knitting industry, to support the investment and export activities of industry enterprises.

The president of the Republic of Uzbekistan dated on January 13, 2023, 'on measures to support the activities of cotton-textile clusters, fundamentally reform of the textile and sewing-knitting industry and further increase the export potential of the sector' according to decree no. PQ-2, by the end of 2023, bringing the export potential of the industry will reach 5 billion US dollars, increase the level of utilization of the production capacity of sewing and knitting products from 65 percent to 81 percent, fill 35 thousand vacancies, including, on providing employment to the population entered in the social registers and to provide enterprises exporting gas, knitting, fabric and sewing-knitted products with continuous, including revolving funds, based on revolving credit under the export promotion agency according to its order funds in the amount of 200 million US dollars will be allocated to the Export Support Fund for a period of 3 years in 4 percent annual increments.

The measures taken to harmonize the quality of the products produced in the textile sector in our country with the level of international quality requirements are creating the ground for Uzbekistan to occupy a unique place in the world textile community. The main factors in this are the systematic attraction of local and foreign investments in the textile industry, and the establishment of new export-oriented enterprises equipped with modern equipment. 75 percent of the textile products produced in our Republic are contributed by joint and foreign enterprises equipped with modern machines of world-famous companies. In the years of independence,

more than 150 light industrial system enterprises were established in our country with the participation of investment from the world's leading countries, investments in the amount of more than 1.9 billion US dollars, including 1.3 billion dollars foreign, 0.6 billion. The attraction of domestic investments and bank loans also indicates that the export potential of the enterprises of the sector is increasing. In 2016, 37 percent of the raw cotton produced in our country was processed, and now Uzbekistan has the capacity to process 100 percent of its own cotton fiber. In return, the export of raw materials was completely stopped and began to be processed and exported as value-added products. In other words, the volume of in-house fiber processing has increased, skein spinning has doubled, and finished product production has increased 3 times. According to our calculations, Uzbekistan has the potential to increase the annual export volume to 50 billion dollars due to deep processing of one cotton fiber. At the moment, textile is growing in importance as a sector that is receiving significant attention for production and implementation of investment projects under government programs.

The level of study of the problem

In the coverage of this topic, the theoretical foundations of attracting investments and their management, the scientific features and practical issues of the organization and financing of investment projects were studying in the scientific works of our country's economists B.Y. Khodiyev, N.M. Makhmudov, Y.SH. Fayzullayev, M.C. Yusupov, C.O. Xomidov, N.R. Avazov, SH. Majidovlarning in addition to the problems of attracting investment to industry. researched by foreign scientists Shefer D., Krushvits L., Shveyk M., Markovits G., Samuelson P., Bruno C., Bodi Z., Keyn A., Alan J. and conclusions were drawn up.

The mechanism of regulating the effective use of investments and methods of systematic approach were using to increase their effectiveness. And local scientists Karimov D.M., Abdusamatov B.K., Isakov M.Y., Ilhomova E.S., Shakhriyorov B.Z. Namozov A.B., Kadirov T.U., Khaidarov Dj.I., Makhmudova G.N., Madjidov Sh.A., Baykhanov B.T., Gaybnazarova Z.T., Abduraupov R.R, Mustafaqulov Sh .I, Hashimova N.A. research was carried out by.

Research methods

During the research, scientific methods of studying the processes of economic reality - dialectical approach, systematic analysis, synthesis, as well as economic methods - statistics, comparative analysis and other methods were using.

Analysis results

Nowadays, it is very important to invest effectively in various projects all over the world. Many approaches and methods have been created to evaluate the effectiveness of these investments. Among them, the following methods are common:

1. UNIDO (United Nations Industrial Development Organization) method;
2. Small - Mirriss method;
3. World Bank (WB) method
4. Method of cost-benefit analysis
5. Ernst & Young (EY) method
6. Method of Goldman, Sachs & Co;
7. Method of the European Bank for Reconstruction and Development.

Below, the essence of the methods of calculating the efficiency of investments will be explained in detail.

The full name of the methodology called the UNIDO method is calling "Manual for the preparation of industrial technical and economic studies". It was first published in 1978 due to the lack of comprehensive standards for project evaluation in developing countries. Since then,

the approach proposed by UNIDO has been adopted by government ministries, banks, financial institutions, universities and consulting firms.

The UNIDO methodology recommends developing an investment project in the form of a cycle consisting of three population stages:

- Pre-investment stage
- Investment stage
- Launch phase

Each of these phases in turn is dividing into periods, and some of them include important activities such as consulting, design and production.

Investment project planning is an interdisciplinary task that requires a team of economists, engineers, entrepreneurs, public administrators, and sociologists. UNIDO's methodology helps decision-makers in preparing the technical and economic basis of industrial production for investors with different levels of education and professional qualifications in developing and developed countries. The approach according to this methodology is of practical importance [2].

Industrial development centers, industrial development banks, and public and private consulting firms in developing countries should be particularly interested in this methodology.

This methodology includes all vital aspects of the investment project:

- General information about the project and its history, including the name and address of the founder of the project, the direction of the project (directed to the market or raw material sources), the direction of the market (domestic or export), the economic and industrial policy supporting the project;

- market and production capacity should reflect the following information about annual demand, planned sales, production program and production capacity;

- raw materials and capital;

- place and object assessment;

- project engineering summarizes the scheme and scope of the investment project, the final selected technology, the selected equipment and the necessary construction work;

- organization of plants and assessment of additional costs;

- indicate the type and size of employees and selected workforce;

- the procedure for installing the equipment, the installation period, as well as the production evaluation and commissioning period are indicated in the implementation schedule;

- financial and economic evaluation of the total costs of investments (related to the capital costs spent on the preparation of construction works, technologies and equipment, production and working capital), financing of the project, the total costs of production or production, financial evaluation (giving the net value of the investment, internal profitability rate, payback period, normal rate of return, due diligence, sensitivity analysis) and national economic evaluation [3].

The conclusion should indicate the main advantages of the investment project, the main disadvantages of the project and the possibilities of project implementation.

Various decision-making methods can be using to reach such conclusions. Investors mostly use INVEX's heuristic decision-making strategy in practice.

Among the above, the Little-Mirrlis method is now widely used. The Little-Mirrlis method is a method of calculating goods and services at international prices. Its main disadvantages are:

- based on the concept of administrative command economy, where labor resources are used in unlimited quantities;

- a large impact on international speculative prices, which leads to errors in the assessment of the effectiveness of the project;
- Since the world prices of goods and services may change, additional calculations may be required during the project, which requires the creation of new price conversion ratios, which further complicates the method.

The Little-Mirrllis method is an alternative to the unido method. This method is used to calculate the value of all goods and services at international prices. This method has the following limitations and disadvantages:

- The methods and criteria for choosing an investment project are clearly basing on the concepts of a planned economy with unlimited labor resources;
- world prices of products are very prone to speculation, and using the Little-Mirrllis method can lead to incorrect results of evaluating the efficiency of investment projects;
- lacking of data when calculating price conversion coefficients;
- the method requires a large number of additional calculations due to possible changes in the world prices of goods and services during the implementation of the investment project, and, accordingly, there is a need to calculate new coefficients for price changes [4].

In countries based on market support, the World Bank project adjustment method is widely used. Its main achievement is that it focuses on creating conditions to ensure its growth in the direction. The World Bank is pushing the investment project because it is criticized as a development bank with a high-risk financing mechanism and under state management. Development banks primarily work within the framework of evaluating investment projects and following up on financial markets. They lead projects to evaluate social, environmental, marketing, marketing and other aspects.

The World Bank approaches the assessment of the effectiveness of investment projects from the perspective of project analysis. Project analysis is a methodology for assessing the social effectiveness of a project, not a commercial one.

Project evaluation according to the World Bank method uses key indicators such as NPV and payback period, as well as Bruno's criterion, which allows evaluating the efficiency of projects at hidden prices of net savings. The disadvantage of using the project analysis methodology is that it does not have a profitability index (P1), which indicates the relative efficiency of the investment project.

The fourth of the methods mentioned above is the cost-benefit method, which first appeared in France in the 19th century, and then began to develop rapidly in the United States in the 1940s. It was at this time that economists began to solve the problem of finding an optimal balance between costs and benefits. Since then, research in this area has been carried out, the method has undergone changes and there is no definitive solution. The main principle of this method is to calculate the net present value obtained from the implementation of a certain investment project. It allows you to find benefits and costs at different times to make the best investment decision based on the calculation of net present value (NPV, IRR). The shortcomings and limitations of the method are embodied in the lack of long-term profit accounting, the lack of accounting for non-commercial profits and the effect on the efficiency of the redistribution of funds, as well as the presence of a certain degree of subjectivity in its application.

The last three methods (Goldman, Sachs&Co; Ernst & Young; EBRD) are the first step in creating an investment project and are using in the development of business plans. Economists at Goldman, Sachs&Co suggest using official statistics for calculations that are less prone to intentional distortions, such as data on average prices for energy and building materials. Ernst &

Young uses adjusted present value (APV) to evaluate investment performance. At the same time, this indicator corrects NPV for the amount of financial costs for issuing shares, which cannot be issued by all organizations in the country and does not take into account investment risks. The methodology of the European Bank for Reconstruction and Development seems to be the most effective, because its use requires solid experience in developing business plans and evaluating the effectiveness of investment projects.

Almost all of the seven methods listed above are widely used in world practice today. In particular, the methods of the World Bank and the European Bank for Reconstruction and Development are actively used in the evaluation of large projects. However, if we look at the world level, we can see that the UNIDO method of the specialized organization of the UN is widely used in the single methodological instructions developed at the government level for the selection of investment projects and their effectiveness evaluation [5].

In recent years, new methods and evidence have been emerging in the assessment of investment efficiency. Several factors influenced this news. One of the important factors is that the cost of investment performance research has decreased. Previous studies were based on private or expensive commercial databases to evaluate the performance of funds. By now, scientists have made it a point to post their data on web pages or journal applications.

Analyzing the industrial sector of the real sector, in particular the textile industry, we should emphasize that one of the most important stages of pre-investment research is the assessment of the economic efficiency of the investment process, which includes the calculation and evaluation of direct and indirect indicators:

System of indicators for evaluating the economic efficiency of the investment process in industrial enterprises

Indicators for evaluating the efficiency of the investment process in an industrial enterprise	Direct	Initial	The total amount of investment costs Period of inactivity Degree of investment attractiveness
		Considered	Net present value Internal rate of return Profitability Coverage period
	Indirect	Expert assessment of investment value	Liquidity of investment value Assessment of the investment value environment
		Investment value reputation (reputation)	Validity period Number of process elements

The stages of evaluating the efficiency of industrial enterprises group two methodological approaches:

account, calculations based on the calculation of the profitability of the industrial enterprise and the use of financial coefficients;

economic (production) method, which includes the level of profit, cost and risk, which is the main criterion of optimality of operation (Fig. 1.3).

The relative value of the first transportation is a qualitative assessment of the activity and efficiency of the private industrial enterprise. This presentation will discuss return on investment, ROA (Return on Assets) and ROE (Return on Sales) assistants (the Dupont System of analysis (Dupont formula)), net interest margin, expenses and other rents. Despite the advantages of financial ratios, changes in the definition of factors affecting performance have limited their use.

Analytical models of Dupon (ROA and ROE) or the method of decomposition (decomposition of the whole) of private capital profitability also allow us to determine the effective factors for the returns on the capital of industrial enterprises, based on the methods of determined coefficients. A unique feature of the methodology is that it can be used to play a three-way game to support reliable evaluation. In this regard, it is necessary to distinguish the following areas: loading of sales profitability, management of asset turnover and study of the sources of activity of industrial enterprises [6].

The second approach to performance evaluation considers an industrial enterprise as a service firm for investment companies. This approach is based on the synthesis of the theory of financial intermediation and the theory of the firm. According to this approach, efficiency is considered as a characteristic of the production process, that is, the main principle of economic activity is the optimization of the organization of the industrial enterprise, observing the reduction of costs and the maximization of production. The application of this approach is based on the use of groups of parametric and non-parametric methods for performance evaluation.

The non-parametric method of evaluating the efficiency of industrial enterprises provides consideration of the sum of factors affecting input (resources) and output (production) parameters. However, the application of these methods is limited by neglecting the possibility of error and evaluating technological aspects of efficiency.

Parametric estimation methods make it possible to estimate the efficiency of allocation (the ability to optimal manage resources based on their cost). The essence of the last stages of evaluating the efficiency of industrial enterprises is to summarize the results of research by identifying and analyzing the factors affecting the level of efficiency by means of auxiliary methods such as the formation of conclusions and proposals.

Each of the above-mentioned methods has positive and negative aspects. Therefore, the acceptability and expediency of their use depends on the concrete situation, in particular, the evaluation subjects, information consumers, evaluation goals. The choice of the method of evaluating the efficiency of an industrial enterprise depends primarily on the purpose of the evaluation.

Conclusions and suggestions

The current economic climate is accelerating investment in digital transformation as emerging markets seek to increase demand for technology to drive further growth and developed markets seek new ways to cut costs and innovate. Digital technologies are driving rapid economic growth through increased consumer demand and income, education and training, and efficient use of capital and resources, especially in emerging markets.

Industries that invest in information technology can rely on the countries they operate in to achieve faster economic growth and prosperity using modern technology. To make a decision on the strategy of national economic development, it is necessary to take into account the structural changes in the priorities of the flow of investments in the international capital market. Evaluating prospective niches and segments of the global digital market, predicting investment returns, and industrial enterprises require the development of new methodological approaches to the assessment of investment risks of new technologies.



The increase in the volume of domestic and foreign investments directed to the national economy will serve to ensure stable economic growth, ultimately increase the development of our country, and increase the well-being of our people. Attracting not only domestic investment projects, but also foreign investors to the country's production sectors will allow for the modernization of production in this country, the development of modern production networks, and as a result, additional foreign currency flows will enter the country to meet domestic needs and service the external debt.

List of Used Literature

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