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Research Article

INNOVATIVE TYPE OF USE OF INVESTMENTS

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ABSTRACT

The innovative type of use of investments is a direction in which investments are directed to stimulate and support innovation. This includes funding scientific research, developing new products, technologies and processes, supporting start-ups and entrepreneurship, modernizing enterprise technology bases, education and training, and creating innovation infrastructure and ecosystems. Innovative investments play an important role in stimulating economic growth, improving the competitiveness of companies and creating new jobs, contributing to the development of new technologies and solving complex problems.

KEYWORDS

Investment, innovation, financing, economic growth, technology, progres.

INTRODUCTION

The innovative type of investment utilization under fundamental changes in production relations leads to a qualitative breakthrough in the process of intensification of reproduction on the basis of scientific and technological progress, which has been and remains the main strategic parameter of productive forces development. However, the proposed concepts of transition to the market do not sufficiently consider

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scientific and technological development as the central link in the transformation of the economic system, although it is assumed that there will be a change in the motivation of the subjects of the economy, contributing to the acceleration of scientific and technological progress. At the same time, in the period of transition to market relations there is its own specifics of development of scientific and technological progress, and these problems require in-depth study in the relationship with the regularities and trends of the investment process.

The most important factor of effective realization of investments is the qualitative level of development of the construction complex. This requires new analytical approaches to the assessment of processes occurring in the investment sphere. The structural dynamics of capital expenditures should provide an economic breakthrough to modern technologies. The strategy of investment use also dictates the need to acquire technologies in developed countries that allow the production of equipment and goods corresponding to the world level, financing of domestic innovation projects, quality training of personnel capable of realizing the possibilities of new fixed assets. In this sense, investment is a strategic parameter of intensification of expanded reproduction.

All this puts forward the need for theoretical development of a new concept of innovative type of investment utilization taking into account the regularities of reproduction of fixed assets of new quality, economic methods of intensive development of construction and construction of a prospective investment model for the creation of progressive machinery and high technologies. The effectiveness of investment projects is possible with qualitative changes in scientific and technical policy in order to achieve the world level on the basis of market structures, transition to a comprehensive system of management of research and development and the results of their implementation. The new function of investment activity on the creation of production facilities and social objects is associated with the process of development of the contracting market, its regional infrastructure, takes into account the impact of market relations on labor intensification and the system of measures for social protection of the population.

The analysis of the regularities of reproduction investment, macroeconomic modeling of development from new positions reveals deep contradictions in the creation of fixed assets of new quality.

The decrease in the level of construction efficiency was due to high specific capital investments per unit of newly commissioned capacity, high duration of construction and low level of design, rise in the cost of estimates, growth of construction in progress and long terms of development of production capacities.

Low efficiency of investments is explained by the fact that the process of their realization is fragmented

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into separate stages and there is no mechanism of economic stimulation of its efficiency.

Research and development, as well as the introduction of their results into the production of machinery and equipment for new technologies in economically developed countries are interconnected, carried out, as a rule, within one firm, financed from one source. In this aspect, investments as long-term capital investments in the solution of the target program should cover all stages of its implementation in the field of scientific and technological development.

We believe that there is a need for a transition to the innovative type of investment utilization based on the regularities of reproduction of fixed assets of new quality. The perspective investment model of creation of progressive equipment and technology is based on a radical change in the system of science financing. In the transition to market relations, only fundamental research and educational programs, which will win the financial competition, will remain on the budget.

Improving the efficiency of new equipment and technologies depends not only on the volume of investment, but also on the substantive economic interpretation of the source of financing, which determines the degree of material interest of investors. The volume and structure of investments will be determined not by directive calculations (scientific forecasts are necessary), but by the totality of actions of owners of citizens, foreign investors, legal entities, regional governments, aimed at the final result of the time of return of investment costs for the development and implementation of innovation and profit. To develop the economic interest of each member of society, transition to market relations and privatization of fixed assets is required.

Methodological foundations of formation and definition of the socio-economic essence of scientific and technological complex development are based on the need to restructure the management of scientific and technological progress in the conditions of radical socio-economic reforms. Modern production is characterized by an increase in science capacity, but the transfer of industry to knowledge-intensive products is an extremely complex problem. Its solution in the creation and production of new equipment, advanced technology is, as a rule, inter-sectoral in nature and at the first stage requires targeted interaction of enterprises and organizations of many ministries and departments. At the same time, the known organizational forms integrating science and production cover inter-sectoral functions.

The multiple reduction of time from the development of a scientific idea to large-scale replication of techniques and technologies corresponding to the world level and surpassing it is on the way to transfer in a short time the most complex system of scientific and technological development to market structures of functioning. Under the conditions of a variety of forms of ownership of the means of

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production, including private ownership, it is necessary to provide enterprises and organizations with full economic freedom and responsibility. This will allow to ensure rapid production utilization of the latest developments, as market economy and its mechanism are a powerful lever to accelerate scientific and technical progress, and thus increase the efficiency of innovation-type investments with an overall significant reduction in their volume.

Setting bank interest rates above the inflation rate, in our opinion, will give way only to highly effective projects and programs, as no one will take loans on such terms for "dubious" projects. To ensure the effectiveness of public allocations, it is advisable to allocate budget funds for the implementation of a project only if it is financed by private individuals, joint-stock companies, cooperatives or commercial banks at least 30% (up to 70% in the future) of the total investment.

It is necessary to invest in those areas of science and technology that can bring tangible economic benefits to the country, as well as the purchase of licenses, which is much more effective than conducting new research on their own and will allow to ensure in a short time the world scientific and technological level, reduce the time to meet the demands of consumers. It is important to import similar, for example, machine-building products in optimal amounts in order to combat monopolism of the domestic market, to conduct objective comparisons of the product level, to train a new generation of personnel capable of managing at all stages from basic research to market saturation, with mandatory training at advanced firms abroad.

At the innovative type of investment use it is necessary to combine various methods of market regulation: taxation, depreciation charges, credit interest exceeding inflation, issuance of securities under the target realization of the chosen project, as well as competitions of executors. Each firm or enterprise in the transition period to market relations should be given the following rights: to control the realization of products manufactured under the complex's developments, including exports; to carry out export-import operations without restrictions on the nomenclature, since foreign exchange earnings will help to solve the tasks set for the complexes more quickly; to freely spend earned foreign exchange funds, which can be directed to the purchase of consumer goods; to allow collectives to decide for themselves how much foreign exchange to spend on the purchase of consumer goods; and to allow collectives to decide how much foreign exchange to spend on the purchase of consumer goods.

When creating new equipment or implementing a project, switch to the system of economic incentives "by product", i.e. the additional profit received as a result of selling the product at a negotiated price should be distributed among all participants (developers, manufacturers of individual components

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or executors of project stages) in proportion to the contribution made.

The analysis has shown that the reduction of the investment cycle at the stage of creating production facilities and the corresponding infrastructure for the production of new equipment and technologies as the most important factor of the innovative type of capital expenditure use in the optimization of investment facilities requires reducing the duration of industrial construction, according to our calculations, by 4-5 times. For this purpose in capital construction, as well as in other spheres of the national economy, we need deep transformations corresponding to the real complexity of the problem, with the balanced use of world experience. First of all, it is necessary:

* accelerate the turnover of investment resources in production construction by 1.7-2 times by reducing the construction front in terms of the number of simultaneously constructed objects, volumes of unfinished construction and excessive stocks of material resources;

* to take out of circulation unsecured investments in materials and equipment and, on this basis, to eliminate the deficit and create a wholesale market for construction materials;

* redistribute among state, joint-stock, and cooperative enterprises (or mothball unfinished industrial construction) to involve material resources stocks in the turnover;

* to create an optimal infrastructure of the contracting market, primarily to ensure privatized housing and civil construction.

To address these problems, a system of comprehensive economic measures is needed, including:

* formation and development of the investment market in the regions, transition to economic methods of state regulation of the investment market with a sharp restriction and further abolition of targeted planning;

* decentralization of the investment fund accumulation process at the republican and local levels and enterprises;

* demonopolization of investment policy, contracting and design works at all levels and alterations of design up to pilot operation implementation in economic practice of direct relations on the basis of private property, transformation of contracting agreements (contracts) into the main form of regulation of relations of participants of the investment process with economic equality of all forms of ownership of contracting organizations.

In order to limit new construction, it is advisable to switch to tax regulation, including capital investments of basic industries. In this case, the total investment demand will decrease to a level that does not exceed the capacity of production facilities of contractors and other construction organizations. Tax exemption is

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allowed only in cases of justified priority of the chosen direction for the national economy, as well as short-term construction (at the transitional stage, construction lasting no more than two years, including priority).

It seems reasonable to introduce taxation of excessive unfinished construction and stocks of equipment at the customer's premises purchased at the expense of state capital investments. In other words, the state charges a penalty for irrational use of allocated funds in the form of bank interest at the current exchange rate. Investment regulation through the long-term interest rate should be equal for all investors. The only exception to such taxation (regardless of the belonging of investments to a branch or region, of the form of ownership) is a single and common criterion for investors - quick realization of resources (putting them into operation) or their conservation under the control of local governments.

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