



ECONOMIC ESSENCE, CLASSIFICATION AND STRUCTURE OF INVESTMENTS

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Abstract: *In this article we paid attention to the economic essence, classification and structure of investments. We paid attention to the unity innovation and investment processes in small enterprises, made proposals for the integrated management of these processes in the direction of overcoming the limitations of small business.*

Keywords: *small business, innovation, risk, entrepreneur, business object, identification criteria, investment process, a source of financing.*

Investments in any state play a very important role, since without them no economic or social problem, as well as problems related to state security, can be solved. It should be borne in mind that investments always work for the future and, as a rule; they are directed at achieving the planned positive result in any sphere of human activity.

Investments play an extremely important role at any level: macro and micro. At the present stage, based on the state of the national economy and the prospects for its development, investments at the macro level are necessary primarily to get out of the economic crisis and transfer the national economy to an innovative development path. To solve these most important tasks requires the training of highly qualified economists who deeply understand the theory of market economics and know how to use their knowledge in practice. When training such specialists, an important place is occupied by such an academic discipline as "Investments". It is known that many economic disciplines are closely interrelated; this fully applies to this discipline. In order to know it deeply, it is necessary to have solid knowledge in such disciplines as "Economic Theory", "Financial Calculations", "Securities Market", "Accounting", "Taxes and Taxation", "Economics of Organization (Enterprise)", "Finance", "Finance of Organizations", etc. This textbook is written on the basis of a previously published textbook¹ with a substantial processing of all the material and the addition of new chapters, as well as taking into account requirements of the federal state educational standard of higher professional education for bachelors. A distinctive feature of the textbook is that it is well illustrated with tables, figures, formulas, and extensive statistical material. Each chapter ends with a list of test questions and assignments. Typical tasks and methodological approaches to their solution are given, as well as tasks for an independent solution, which Control and self-examination of students' knowledge. In this law, the essence of capital investments is interpreted as follows: "... capital investments are investments in fixed capital (fixed assets), including the costs of new construction, expansion, reconstruction and technical re-equipment of operating enterprises, equipment, tools, inventory, design and survey work and other costs. "Based on this definition, investments in working capital cannot be considered as capital investments. Thus, capital investments are an integral part of real investments. When making portfolio investments, the investor increases his financial capital by receiving dividends and interest on the acquired securities, their resale, and other benefits. In the economic literature, no one denies that investments are the most important economic category. It is known that any economic category manifests itself through its functions, but what functions the investment should perform - this



question is clearly not enough studied. In our opinion, investments perform the following functions:

- ensure the process of simple and extended reproduction of fixed assets, both in production and in non-production sphere;
- participate in the process of providing and replenishing the circulating capital;
- provide for the flow of capital from one sphere to another, more attractive, in the form of real and portfolio investments;
- provide for the process of redistribution of capital among owners by acquiring shares and investing assets in other enterprises (property redistribution);
- serve as the basis for the development of the economy at the macro and micro levels and in the future for economic, social, environmental, political and other benefits.

Net investment is gross investment in min depreciation. If gross investments are equal to depreciation deductions, then this means that only simple reproduction takes place. If gross investment exceeds the value of depreciation, it indicates the presence of both simple and expanded reproduction of fixed assets. The essence of investment as an economic category predetermines their role and importance at the macro and micro levels. At the macro level, investments, and especially capital investments, are the basis for the development of the national economy and increasing the efficiency of social production by:

- systematic updating of fixed assets of enterprises and non-production sphere;
- acceleration of scientific and technological progress (NTP), improvement of quality and ensuring the competitiveness of domestic products;
- balanced development of all sectors of the economy;
- creating the necessary raw materials base;
- building the country's economic potential and ensuring the state's defense;
- reduction of production and circulation costs;
- increase and improve the structure of exports;
- solving social problems, including unemployment problems;
- ensuring positive structural shifts in the economy; Transition of the national economy to the innovative path of development, etc.

Thus, investments predetermine the growth of the economy. By directing capital investments to increase the real capital of society (the purchase of machinery, equipment, modernization and construction of buildings, engineering structures), we thereby increase the national wealth and production potential of the country. The state of the country's economy depends on the efficiency of functioning of all business entities, i.e. commercial organizations. Investments, and first of all capital investments, are the basis for ensuring this efficiency in the enterprise. Investments at the micro level are necessary to achieve the following goals:

- increasing and expanding the scope of activities;
- avoidance of excessive moral and physical deterioration of fixed production assets;
- reducing the cost of production and sales;
- increase the technical level of production based on the introduction of new equipment and technologies;
- improving quality and ensuring product competitiveness;
- improving safety and environmental measures;
- ensuring the competitiveness of the enterprise;
- acquisition of securities and investment in assets of other enterprises;
- acquisition of a controlling stake, etc.

Ultimately, they are necessary to ensure the normal functioning of enterprises in the future, stable financial condition and obtain maximum profit. All this determines the role and value of investments at the micro level. For a deeper understanding of the nature of investments, as well as for accounting, analysis, planning and increasing the efficiency of their use, their scientifically based classification is necessary. Such a classification of investments allows not only to correctly take into account, but also to analyze the level of their use from all sides, and on this basis to obtain objective information for the development and implementation of effective investment policies both at the macro and micro levels. When it was a planned economy in the domestic scientific literature and in practice, the classification of capital investments according to the following criteria was most prevalent. On the basis of the intended purpose of future objects:

- industrial construction;
- construction of cultural and community institutions;
- construction of administrative buildings;
- survey and exploration.

According to the forms of reproduction of fixed assets:

- New construction;
- expansion and reconstruction of existing enterprises;
- equipment upgrade;
- overhaul.

By funding



sources - to centralized and decentralized.

In the direction of use - for production and non-production. With the transition to market relations, these classifications did not lose their scientific and practical significance, but became clearly insufficient for the following reasons. Thus, investments are the most important economic category and play an extremely important role, both at the macro and micro levels, and primarily for the simple and expanded reproduction of fixed assets, structural changes, maximum profit and this basis of solving many social problems.

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