

3the Main Directions Of The Investment Activity And Improvement In Oil And Gas Enterprises

Umurzakov Jamoliddin Sherbekovich

**Independent Researcher, Tashkent Institute Of Finance,
Tashkent, Uzbekistan**

 **OPEN ACCESS**

**The American Journal of
Interdisciplinary
Innovations And
Research**

JULY 2020

Page No.: 84-89

Volume-II Issue-VII

PUBLISHED: 31 JULY 2020

www.usajournalshub.com/index.php/tajir

Copyright: Original content from this work may be used under the terms of the Creative Commons Attribution 4.0 licence.

Abstract

The article discusses the role and importance of investment activity in oil and gas companies. Conditions and factors for improving investment activity in oil and gas companies are studied. The article also provides scientifically based proposals and practical recommendations for the formation of directions for the development of investment activities of oil and gas companies.

Keywords: investment, investment activity, investment capacity, investment attractiveness, investment policy, investment potential, oil and gas industry.

Introduction

At the current stage of economic development, investment has become one of the main tools to drive the national economy towards sustainable development and competitiveness. Attracting active investment in various sectors of the economy, improving investment activity will help ensure sustainable economic growth and increase production efficiency. Today, among the industrial sectors, the oil and gas sector is one of

the locomotive sectors of the economy. Investment activity plays an important role in the development of enterprises in the oil and gas industry. In recent years, the mechanism of investment activity of oil and gas companies around the world has changed dramatically due to a number of factors, such as sharply limited oil resources, increasing the efficiency of financial, material and human resources and controversial trade relations between countries. The existence of sharply changing market demand for oil products in the world market and the impact of processes associated with the growth of economic activity in our country make it necessary to use market factors to attract investment in the industry. As the President of the Republic of Uzbekistan Sh.M Mirziyoyev noted: "The high level of state participation in the fuel-energy, oil-gas, chemical, transport-banking sectors hinders their development on the basis of market mechanisms, attracting investment" [1].

In our country, it is important to develop a system of public-private partnership in the priority areas of improving the mechanism of investment activity of oil and gas companies. The development of public-private partnership in the oil and gas sector will have a positive impact on the process of stimulating a favorable business environment in the energy resources market.

Materials and methods

A number of scientific studies on the attractiveness of investment activity of oil and gas companies and the factors influencing it were conducted by foreign economists Zubareva V.D, Sarkisov A.S, Andreev A.F [2]., Kosov N.S, Lyutikov S.A [3], Smirnov I.A [4] and others. In those researchs, the role of public investment policy in increasing the investment attractiveness of oil and gas companies, opportunities to ensure the efficiency of investment activities through the agreements on the distribution of oil products and the conditional parameters of the establishment of joint ventures, issues of ensuring the stability of the financial and credit system in increasing the investment activity of enterprises, conditions and opportunities to stimulate the flow of capital to priority investment projects aimed at the formation of a high level of investment flow in the industry through the multiplier effect and the organization of new high-tech production were studied. Asatullaev H.S. [5], Mahmudov R [6], Burkhanov A.U [7], and others conducted research aimed at increasing the attractiveness of investment activities of oil and gas companies in our country, the effective organization of the implementation of systemic measures. In order to increase the efficiency of investment activities of oil and gas companies, it is expedient to extract energy resources, introduce modern methods of corporate governance, organize advanced information and communication technologies and automated management systems. This process depends on the active attraction of private capital in the oil and gas sector, as well as the establishment of extensive partnerships with international financial institutions, foreign companies and banks, and other structures.

At present, even the results of the dynamic analysis of key indicators of development of investment processes of oil and gas companies in our country show that there are positive developments in attracting investment in the oil and gas sector,

the investment capacity of the industry, its efficiency, the existence of disparities in the attraction of investments in the financing of innovative projects implemented by regions make it necessary to study the scientific and theoretical basis of the attractiveness of investment activities of oil and gas companies.

Result and discussion

Today, as a result of measures based on the systematic support of the oil and gas sector, the share of the industry in the country's GDP reached about 15%. In order to improve the material and technical base of the industry, increase production efficiency to meet the growing consumer demand for industrial products, the introduction of advanced technologies for the processing of hydrocarbons, the total investment from investment sources has increased sharply. The average relative growth rate of the indicator is over 40% for 2018-2020. In the structure of total investments, the share of foreign investment grew at the highest rate and amounted to 41% (Table 1).

The volume of local investment in the sector is declining. These problems in the process of improving the mechanism of investment activity of oil and gas companies create problematic processes related to reinvestment in enterprises.

Table 1

Information on investments directed in the oil and gas sector in 2018-2020 [9]

No	Description	measurement	2018 in practice	2019			2020	
				in practice	To be done %	growth rate, %	2020 (progn osis)	growth rate, %
1.	Implementation of investment projects	quantity	14	16		114	11	69
2.	Investment development, total	mln.dollars	233 1, 2	3 250,9	14 4,5	139, 5	1 410,6	43,4
3.	including:							
4.	own funds	mln.dollars	54 8,7	281,4	120 ,6	51,3	247,1	87,8
5.	Directly foreign investment	mln.dollars	95 2,5	1 887,0	159 ,9	198, 1	183,6	9,7
6.	Directly foreign credits	mln.dollars						
7.	State-guaranteed foreign investments and credits	mln.dollars	83 0,0	1 066,0	130 ,0	128, 4	904,0	84,8
8.	Funds of "Fund for Reconstruction and Development of Republic of Uzbekistan"	mln.dollars		16,5	100 ,0			
9.	Commercial banks' credits	mln.dollars					75,9	

There are also a number of problems in the process of improving the mechanism of investment activity of oil and gas companies and ensuring their market activity, most of which are:

- Lack of a unified methodological approach to assessing the financial performance of oil and gas companies;
- the presence of uncertainties in the analytical and strategic analytical assessment of the complex assessment of business and market activity of enterprises;
- the impact of innovation factors is not properly taken into account in the assessment of investment activity of oil and gas companies;

the lack of a strategy based on the optimization of financial resources, taking into account the stages of the product life cycle, in the strategy of financial support of the business environment of the enterprise.

Today, oil and gas companies need to pay attention to the following important aspects in ensuring the attractiveness of investment activities (Figure 1).

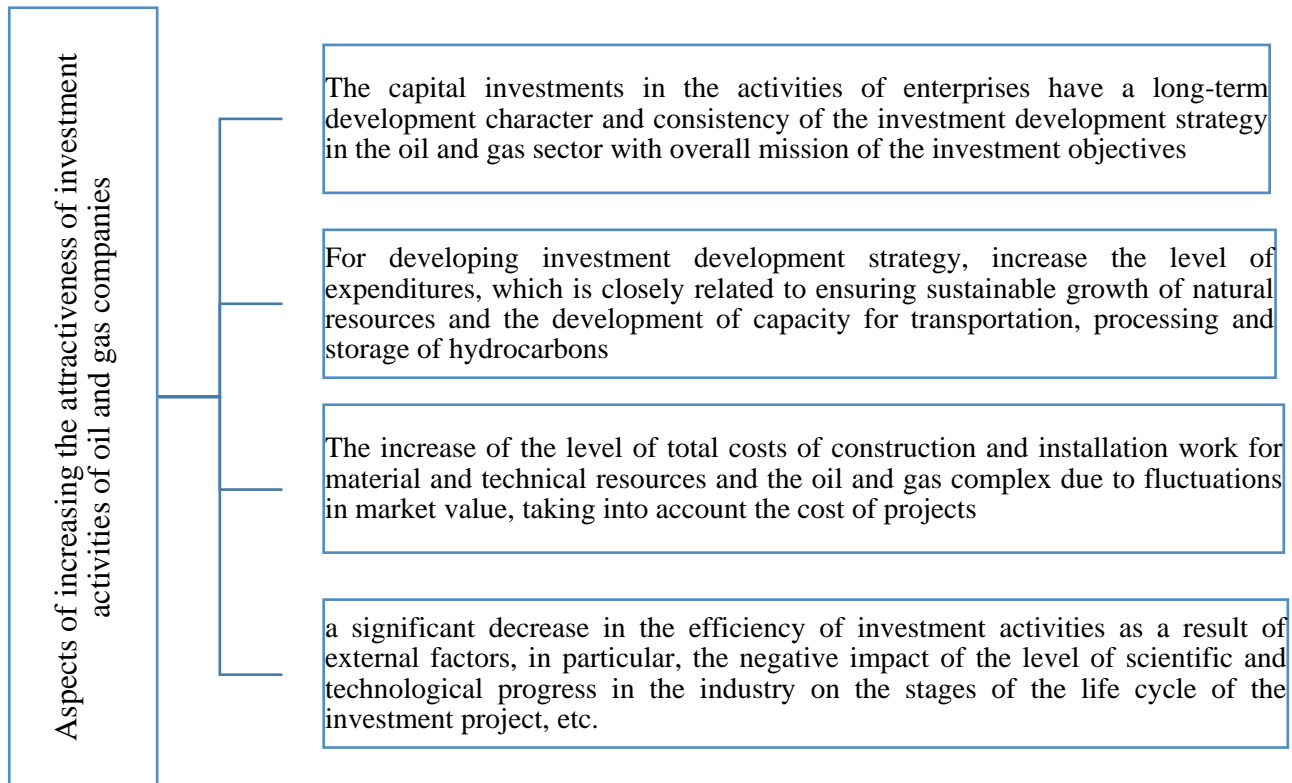


Figure 1. Aspects of increasing the attractiveness of investment activities in the oil and gas industry

Conclusion

In conclusion, through vertical integration, the formation of a technological chain in the oil and gas industry related to the stages of oil exploration and production - transportation - refining - oil chemistry - sales of oil products, establishment of an information exchange system based on deep processing of domestic production and production of high value-added oil products on the basis of oil and gas distribution agreements and attracting potential investors to the oil and gas industry based on the targeting and relevance, attractiveness, as well as formation of analytical programs of the system for assessing the rate of sharp changes in oil prices on the world market can help improve investment activity in the oil and gas industry.

References

1. The address of the President of the Republic of Uzbekistan, Shavkat Mirziyoyev, <http://uza.uz/oz/politics/zbekiston-respublikasi-prezidenti-shavkamirziyeevning-oliyas-28-12-2018>
2. Zubareva V.D., Sarkisov A.S., Andreev A.F. "Investment Oil and Gas Projects: Efficiency and Risks" Textbook. Moscow: "Nedra Publishing House" LLC, 2014. P:259.
3. Kosov N.S., Lyutikov S.A. "Increasing the efficiency of state regulation of the investment sphere". Monograph. Tambov: Publishing house of Tamb. 2014, p:124 .
4. Smirnov I.A. Investment activities of international oil and gas companies. 08.00.14 – World economy. Abstract of a dissertation for the degree of candidate of economic sciences. M., 2009, p:26.
5. Asatullayev X.S, Tursunov B.O, Mamanazarov A.A. Enterprise development strategy. Text book. –P.: "Economy-Finance", 2019. p:524.
6. Makhmudov R. The state of the world economy and its impact on energy exports of Central Asia // O'ZBEKISTON NEFT VA GAZ JURNALI. -P., 2010, May. p:18-24.
7. Burkhanov A.U. Prospects for sustainable development of the oil and gas industry of Uzbekistan. Economics and Finance. No 6, 2012, p:21-25.
8. Umurzakov J. Ways to improve the mechanism of investment activity of oil and gas companies // "Business Expert" No 4 2020.
9. https://neftegaz.ru/analysis/oil_gas/328620-neft-gaz-i-energetika-uzbekistana/