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Research Article

**THEORETICAL AND METHODOLOGICAL FEATURES THE  
INVESTMENT ANALYSIS OF THE ECONOMY  
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**Article Received:** December 2018    **Accepted:** February 2019    **Published:** March 2019**Abstract:**

*In the agrarian sphere of Russia, the processes of depreciation, aging, and disposal of fixed assets continue, that is, the material and technical base and production potential are aging. In such a situation, the issues of finding sources of investment, improving state support and regulating investment activities in agriculture, primarily stimulating the process of investing in fixed assets to upgrade the material and technical base of agricultural organizations, are of particular relevance. It is on the state and efficiency of investment activities in agriculture that the creation of a developed economic system of the agro-industrial complex and, accordingly, the creation of employment and the improvement of the living standards of the rural population depend.*

**Keywords:** *investment, regulation, agriculture, material and technical base, economy.*

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**INTRODUCTION:**

Experience in the functioning of agriculture throughout the civilized world shows that there are no objective conditions that would ensure the creation of classical ideal conditions for market capital turnover in agriculture, and based on which agricultural organizations are able to independently conduct not only simple but also normal expanded reproduction. Therefore, unlike most other sectors of the economy, agriculture is the most special and resource-specific and therefore requires a special approach to investment [1].

At the present stage of development of the agrarian economy of Russia, the nature, structure, and nature of the functioning of the organizational and economic mechanism of investment activity are being reorganized. That is, it is about studying and determining the economic mechanism in the process of market transformations and the development of the economy on market principles.

In economic theory [2], there are two approaches to understanding the nature and essence of the economic mechanism in a broad sense. Their main difference lies in the fact that production relations, property relations are not simply associated with the economic mechanism, but are organically interwoven and determine its nature and structure. Now there is a recognized view in economic theory that property relations reflect both appropriation and control, that is, the nature of the productive forces themselves. Moreover, in this aspect of communication, their interaction with the superstructure occurs. It is on these principles that the economic mechanism is based.

L. I. Abalkin in his work gave a general definition of the economic mechanism as a way of organizing social production with its characteristic forms and methods,

economic incentives and legal norms. This definition not only indicates the production process but also reflects the interrelationship of the economic mechanism with social relations. A similar concept of the category being studied implies that the methods and tools that affect production processes must correspond to the social superstructure in this economic system. In other words, according to L. I. Abalkin, the economic mechanism describes management processes in all spheres of the social and production life of the population. In this regard, the author proposes to consider the economic mechanism as a complex, as a complex structure that includes both directly production forms and methods of influencing processes, as well as forms and methods of political and ideological influence on subjects [3].

One of the main roles in the development of the organizational and economic mechanism of investment activity in agriculture is assigned to domestic investment resources, the financing mechanism of which requires compliance with the following conditions: balance of interests, unity of commercial conditions, reciprocity of guarantees, consistency of joint actions, non-discrimination of one of the partners, overall risk, stability of relationships, a certain duration in time [3]. Certainly, the fact that these conditions ensure the functioning of the organizational and economic mechanism of investment leaves no doubt. However, in our opinion, all these conditions are not internal, but external in relation to its action and express those signs that can contribute to the development or adaptation of the organizational and economic mechanism of investment to the external environment.

Sources and methods of financing the organizational and economic mechanism of investment, as well as factors affecting investment activity in agriculture, are presented in Figure 1.

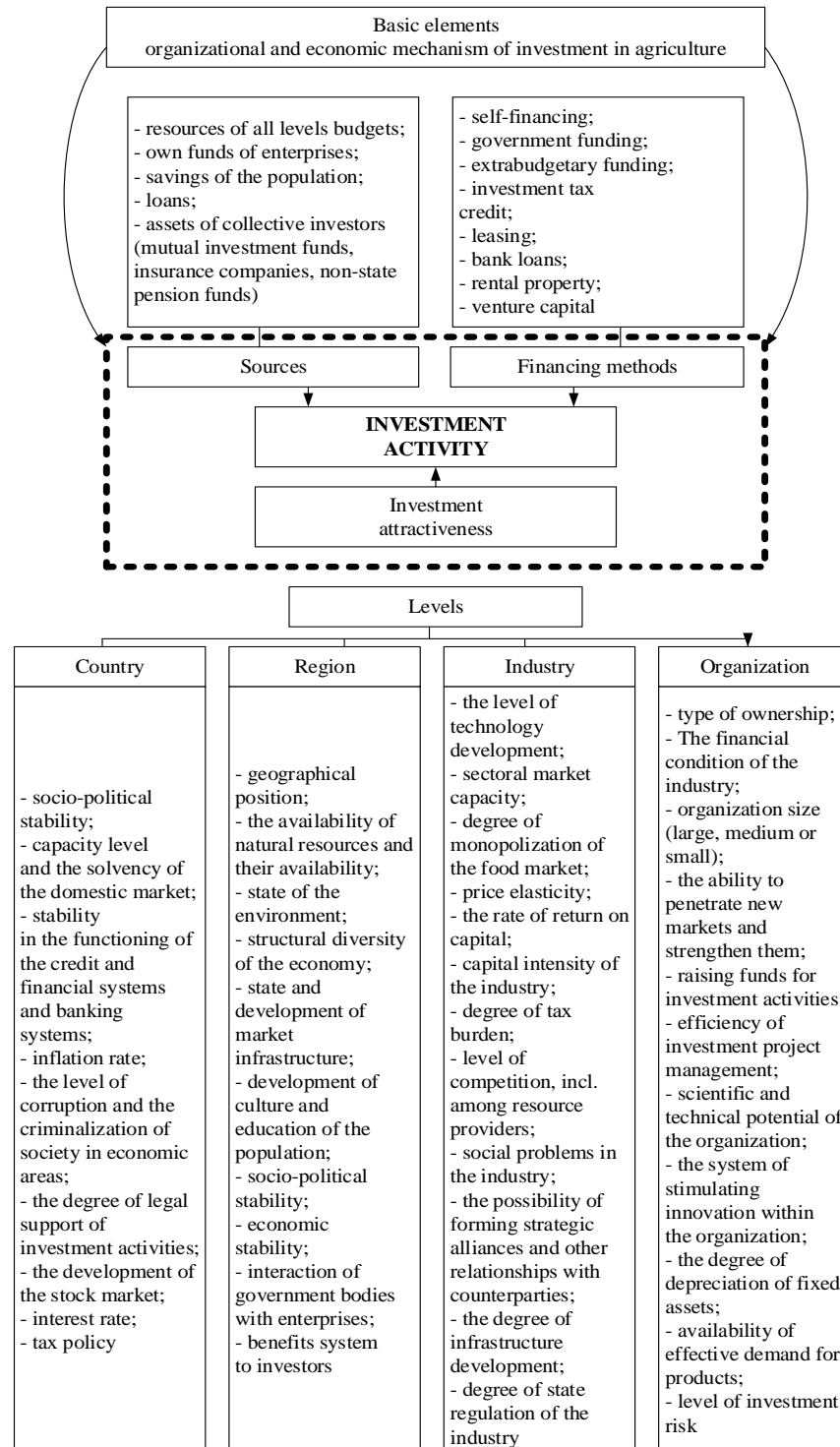


Figure 1: Diagram of the basic elements the organizational and economic mechanism of investment activity, providing investment activity in agriculture

#### MATERIAL AND METHODS:

Based on the above, the organizational and economic mechanism of investment in the agricultural sector is a

system of organizational, managerial, economic, legal and regulatory actions, methods and processes that shape and influence the order of investment activity

and the flow of investment processes in agriculture and affect the development related areas of agriculture, which should contribute to the achievement of expected economic, social, innovative, environmental and other results. It is formed in the interaction of individual units, consisting of such elements of the economic system as the productive forces, technical, economic, organizational, economic and production relations, and includes organizational and economic methods (forecasting, planning, taxation, insurance, depreciation, lending, leasing, pricing, incentives, etc.), tools or leverage (profit margins, income, depreciation methods and rates, credit and tax rates, exchange rates, etc. ), as well as legal and informational support.

The growth in recent years of the rate of institutional transformations, and in some areas the transformation of state monopolism into a regional-sectoral one in the form of creating monopolies, imposes a specific imprint on the organizational and economic investment mechanism. The nature and form of the organizational and economic mechanism of investment are determined by the degree of monopolism of the regions not only in the resource-producing industries but also in areas related to the receipt of land rent in agriculture. Natural and climatic conditions, location and other factors of production significantly affect the choice of areas for placement of agricultural production. The predominance in the structure of production of certain types of agricultural products determines the appropriate mechanism of their interaction with the subjects of the agro-industrial complex.

Prospects for the economic recovery of the country are inextricably linked with the intensification of banking, industrial and commercial capital, which in turn activates the organizational and economic mechanism of investment. One of the promising areas to concentrate capital and ensure its effective management is the creation of financial-industrial groups (FIGs). However, as practice has shown, such associations have become in the country a tool for siphoning the financial resources of enterprises and regions and were aimed at increasing the level of liquidity of the financial participants themselves, as a rule, banks. Therefore, when considering the issues of incorporating FPGs into a single organizational and economic investment mechanism, it is necessary to provide for the action of appropriate levers that impede such a scenario.

In the economic literature in the aspect of this problem, individual authors provide the governing government

with a defining independent role. The mechanism of state regulation of investment processes is considered to include fiscal, tax, financial and credit, customs, pricing policies (the latter is embodied mainly in the regulation of natural monopolies and in public procurement of agricultural products), as well as monetary and foreign trade policies [5].

Therefore, on the basis of the cited work of state regulation in the agrarian sphere, among the areas of regulation of investment processes are often discussed proposals for the development of flexible organizational forms, allowing to combine the decentralized form of management necessary for the effective use of investment and centralization, as well as the use of key technologies. Perhaps this approach overlooks the action of such an important economic lever as competition in the capital market, which objectively requires constant monitoring of the internal environment in order to identify deviations arising in a particular link in the system of production and financial relations. We believe that, on the contrary, greater decentralization is necessary in order to have a stronger competitive factor. At the same time, some components of the organizational and economic mechanism of investment express uniform conditions for its functioning and should remain unshakable for all participants in this process.

Thus, summarizing the genesis and economic nature of the organizational and economic mechanism of investment, it can be defined as a system of economic forms and methods of organizing investment, forecasting and controlling the movement of capital. In other words, it is a combination of economic instruments and regulatory methods that ensure maximum efficiency in the use of capital in agriculture.

## RESULTS AND DISCUSSION:

The structure of the organizational and economic mechanism of investment, in our opinion, should include:

- 1) forms, methods, and tools of influence on the investment process as a single reproductive system, including the subjects and objects of investment;
- 2) methods and techniques for managing economic relations arising in the process of investing;
- 3) forms of investment and features of relationships within a single reproduction investment system.

The organizational and economic mechanism of investment activity in the agrarian sector of the economy should be viewed as a combination of price, financial and credit relations and a system of organizational measures aimed at achieving the goals

set. It includes the bulk of economic relations arising from the reproduction of the product and income. Its action is aimed at the realization of the goals and objectives of the investment strategy of the enterprise. The theoretical basis for the formation and functioning of this mechanism is the content of the law of value, supply and demand, money circulation, the relationship and proportions of production, distribution, exchange and consumption. The renewal of fixed capital as the material basis of the reproductive cycle and overcoming the crisis situation forms the basis of the investment activity of

agricultural enterprises based on innovation and other areas of scientific and technological progress.

The organizational part of the investment activity mechanism is represented by state and private economic entities (Figure 2). State structures are subjects of state and local levels that carry out law-making activities, executive authorities, and so on. Private economic entities in the given scheme are represented by integrated entities, independent economic organizations that produce products, personal subsidiary farms that are not included in integrated structures.

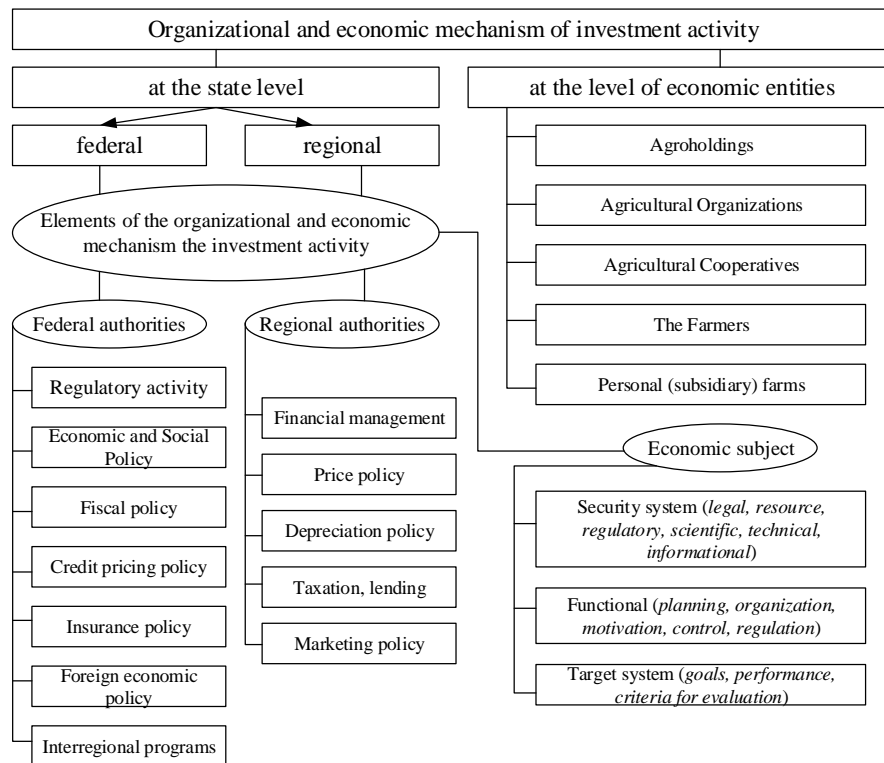


Figure 2: Functional elements a regulation and management the organizational-economic mechanism of investment activity in agriculture

We believe that with the help of the organizational-economic mechanism, a link is established between the action of objective laws and investment activity. In the system of relations of the organizational and economic mechanism of investment, we pay special attention to the interaction of subjects of the state and regional levels. Below are the individual elements of the organizational and economic mechanism of investment activity in the agricultural sector of the economy.

An important stage in the functioning of the organizational and economic mechanism of investment in the planning and forecasting of this process. Thus, planning is expressed in the systematic preparation of management decisions related to the

prediction of possible future development, as well as in the process of their control. This means setting goals and preparing the necessary measures to achieve them, that is, we are talking about targeted actions of investment subjects. Planning, therefore, expresses the process of systematically forming, creating and adopting development projects [2].

As part of the organizational and economic mechanism of investment activity, planning should be focused on analyzing the situation on the investment market, determining the profitability levels of investment objects, and studying the factors affecting investment objects. Since the investment mechanism is subject to change under the influence of external and internal factors, respectively, the investor must have

elements of foresight to prevent negative consequences. At the same time, an important role in the development of investment activity is played by the ability of the investment activity mechanism to identify risks and manage them. Thus, planning allows you to coordinate the interaction of internal elements of the organizational-economic mechanism [1].

But all of the above measures lose their meaning if the organizational and economic investment mechanism does not have sources and a sufficient amount of

investment financing. The main sources of financing investment projects of the company can be: own funds, funds of private investors for the implementation of specific projects, budget funds provided for the implementation of targeted programs, funds of agricultural financial and industrial groups, loans raised in the financial (domestic and international) market under guarantee fund, debt obligations, property, inventory, future products, real estate, with the participating organizations of the investment process is shown in Figure 3.

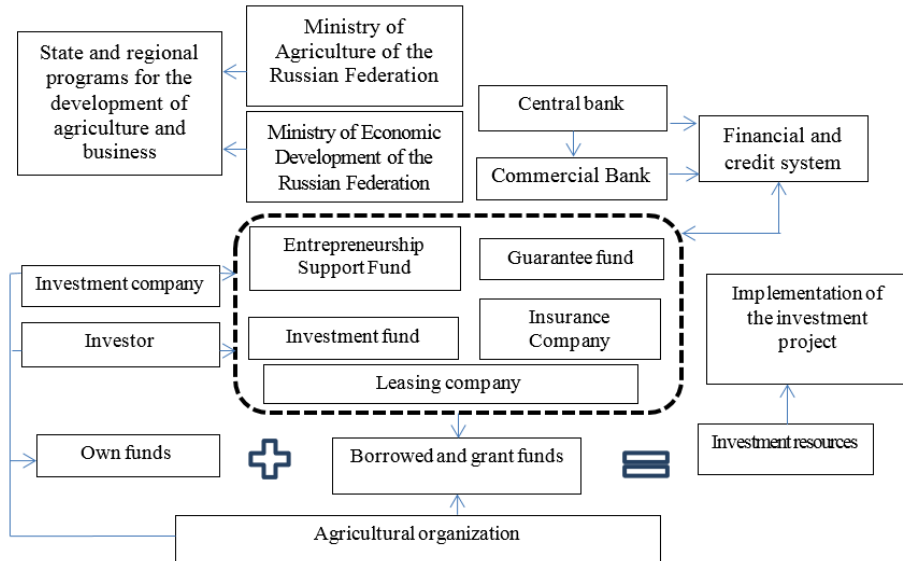


Figure 3: Structure of the interaction an agricultural organization with organizations participating in the investment process

Activation of investment activity is possible if there are financial and credit, insurance, mortgage and leasing organizations on the market that form three funds for financing and servicing the organizational

and economic mechanism of investments that provide and provide guarantees for preserving the market value of invested capital and return on investment.

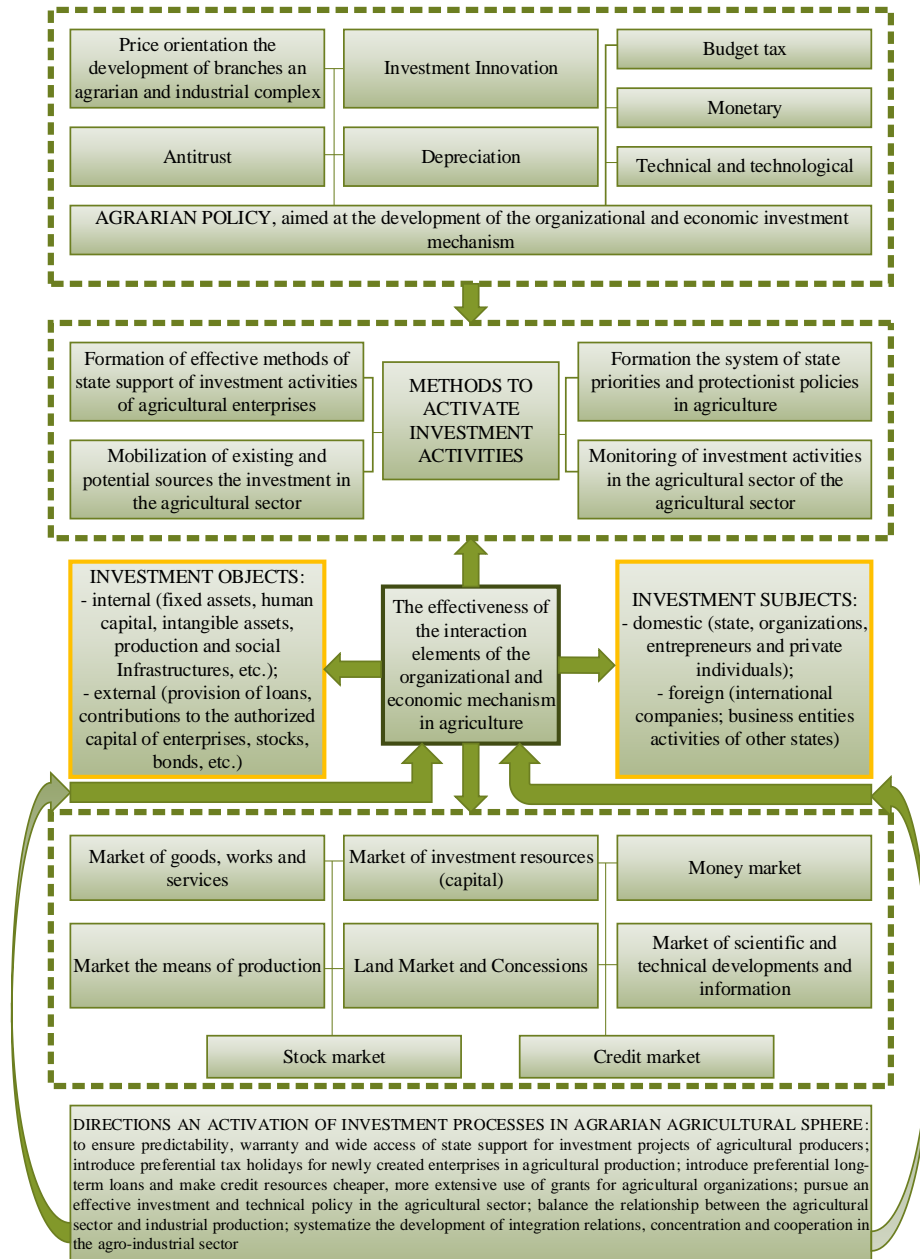


Figure 4: The organizational and economic mechanism of activating investment processes in the agricultural sector of the agro-industrial complex

Figure 4 schematically reflects the most important economic ties that determine the organizational and economic mechanism of investment in the agrarian sector of the agro-industrial complex. It includes a set of components of the agrarian policy on the formation of the investment and innovation orientation of the industry, the infrastructure of the investment market, a list of investment subjects and objects, directions and tools for enhancing the investment processes in the industry.

Today, one of the main tasks of the reforms in agriculture is the creation of new mechanisms that meet the requirements for enhancing innovation and investment, as well as economic development and overcoming the crisis. All financial, credit, commodity and leasing investments should be directed to the industry, ensuring the achievement of the most effective and rapid results. In general, in a tough competition between states, regions, and organizations in the market, attracting a sufficient amount of

investment, only the one who can use them most effectively will benefit.

### CONCLUSION:

To improve the investment climate in the agricultural sector, it is necessary to:

1. To increase the efficiency of agricultural production, to ensure the growth of financial savings and their transformation into investments.
2. Provide predictability, warranty and wide access to state support for agricultural producers through budget programs.
3. To restore rational international economic and scientific-industrial relations, to create joint ventures with the participation of foreign investors.
4. To form integrated agro-industrial enterprises and cooperative associations in rural areas with the aim of changing the relations arising in the process of buying and selling on the free market to the relations that have been formed when the income from the sale of end-use products is distributed between them.
5. Continue preferential taxation of agricultural enterprises, introduce an effective depreciation mechanism for fixed assets.
6. To make loans more affordable by lowering interest rates on loans and increasing the coefficient on collateral to 1.
7. To promote the development of effective interaction between science and technology.
8. To assist and create conditions for domestic producers who export their products and invest in agricultural production oriented towards the production of competitive goods.

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