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CLASSIFICATION OF INVESTMENTS

Summary

The article deals with the classification of investments. The author notes that at the present time, not only legal scholars do not have a common understanding of the nature and essence of investments, but also different regulations regulating the same legal relations have completely different approaches to defining such a fundamental concept in the field of research as investment. The author concludes that most of the classifications belong to an artificial classification, and only the division of classifications into real and financial ones is as close as possible to the natural classification. The author noted that despite the popular opinion, investments, from the point of view of logic, cannot be divided into direct and portfolio. Direct investment is a special case of real investment, while portfolio investment is one of the methods of financial investment. But these two types of investments are not linked by any properties.

Keywords: investments, classification of investments, real investments, financial investments, portfolio investments, direct investments.

Introduction

Currently, the importance of investment for the development of the economy of any country is not in doubt. Russia is no exception in this regard. On the contrary, due to the recent geopolitical situation, the issue of increasing investment in our country's economy is as acute as ever. It should be noted that the detailed development of issues related to investment in our country has not such a long history as in developed countries. In a planned economy, these issues were the subject of purely theoretical research. Accordingly, the problems of legal regulation of investments were considered mainly on the example of other States. Since the mid-80's of the last century, the situation has changed dramatically, the country has moved from a planned economy to a market economy, and investment issues as once acutely faced scientists and practitioners. Since the concept of investment has appeared and is developing primarily as an economic category, its economic aspects are much better studied than the legal component. This was facilitated by a large foreign experience accumulated over the past centuries. As for the issues of legal regulation of investments, in our opinion, we are only at the beginning of the road. Indeed, the first laws on investment activity were adopted in our country a little less than 20 years ago. Meanwhile, new normative acts regulating individual investment issues continue to appear with enviable frequency [1], [2].

Given the great interest in investment in our country, it is necessary to create the most comfortable conditions for investors, on the one hand, and to protect public interests from unfair actions of the investor, on the other hand. Many issues can be resolved using various methods and methods of legal regulation. Thus, the issues of comprehensive study of the legal regulation of investments in order to develop specific proposals for improving the current legislation are one of the priority areas of legal science.

One of the ways of scientific knowledge is the classification of the studied area. According to the established opinion, the construction of a classification usually completes the study of the totality of any object [3, 212]. At the same time, in our opinion, the construction of a classification of investments on various grounds will contribute to a deeper understanding of its essence, and ultimately will help in creating the necessary legal acts regulating certain investment relations. Based on the classification of investments, you can build a proposal to regulate certain investment relations in a single regulatory act, or to combine or divide regulatory

acts. As practice shows, a well-made classification on the one hand sums up the results of the research area, and on the other hand defines a new stage of its development [4, 67-79].

Given the dual, economic and legal nature of investments, it seems appropriate to consider the classification of investments from the point of view of economic and legal approach.

Concept of investment

Analysis of current legislation does not allow us to give an unambiguous definition of investment. Thus, in some normative acts, investment is understood as money, securities or other property invested in objects of business or other activities for the purpose of making a profit or other useful effect [5]. Thus, investment in them is understood as property. The very actions of depositing property for the purpose of making a profit are called investment activity or investment in these laws.

In other regulations, investment is defined as the process of making investments, or investing capital [6].

It should be noted that foreign investment in the form of capital investment is subject to all three of the above laws. Thus, the same concept in different normative acts regulating the same legal relations has different meanings. It is also necessary to note that in defining investment as property, the legislator sets out as a mandatory condition the purpose of investment – to make a profit. In the definition of foreign investment, there is no goal, which in our opinion does not correspond to the economic essence of the concept of investment. Perhaps the legislator considered it sufficient to specify that the object of foreign investment is an object of business activity. But, first, when reading the text of the law verbatim, it seems that the purpose of capital investment by a foreign investor is precisely the process of investing this capital – it is so detailed in the law that it can be the subject of investment and there is not a word about the purpose of this activity. Second, it does not automatically follow from the fact that business is an activity for systematic profit-making that investment in this activity is necessarily profitable.

There is no consensus on the issue of a single definition of investment in the scientific legal community [7, 66-77]. Some scientists view investment as an action to exercise their civil rights [8, 72]. Others consider investments to be civil law objects [9, 10]. Still others define investment through the concept of «investment relations» [10, 248]. In this article, unless specifically stated otherwise, we will refer to investment as an action, the process of investing capital in order to make a profit in the future. Otherwise, the entire classification should have been reduced to a list of possible investment items.

For the sake of fairness, it should be noted that there is no consensus on the definition of investment in Economics. Most often, investment in Economics is understood as a process, that is, a process of investment. investment of funds for the purpose of making a profit, while the object of investment itself is in most cases called capital [11, 649]. However, there are also opinions that investments represent the entire set of property and other values invested for the purpose of profiting [12, 89]. But perhaps the simplest and most popular among economists today is the definition of investment as money that you need to part with today in order to get a large sum tomorrow [13, 1028].

Classification of investments

Currently, in legal and economic science, there are many approaches to classifying the phenomenon we are studying on various grounds.

First of all, all investments are divided by investment object into two large groups-financial and real investments. Real investment refers to the investment of capital directly in the real assets of the enterprise, while financial investment is the purchase of various securities. And if there is almost a consensus on the definition of financial investments, there is no consensus in science on the question of which investments should be considered real.

There is also no clear definition of real investment, either at the legislative level or in the doctrine.

Meanwhile, the definition of the main types of investments will have a very positive impact on all investment relations. Since the main criterion for attributing an investment to a particular type is the object of investment, it is advisable to define these concepts by this criterion. On the other hand, if the definition of financial investment as an investment in securities does not cause rejection by the scientific community, it is probably possible to define real investment as all other investments that are not financial. Naturally, in any case, it is necessary to describe and study the special characteristics of investment objects that allow you to distinguish real investments from the total number of investments. However, in our opinion, the definition of real investments as all investments that are not related to financial ones also has a right to exist. Legal regulation in the field of financial investments is carried out by special legislation regulating the securities market. All other investments that are not subject to this legislation can, with a high degree of probability, be attributed to real investments.

It seems that the division of investments into real and financial ones is the most significant from the point of view of investment classification. These two different types of investments are usually regulated by different regulations. Legal relations involving real investments are subject to the General rules of civil and administrative law, as well as special investment laws, while financial investments are primarily regulated by securities market regulations.

Each of these types of investments, in turn, can be classified by many other characteristics.

So, on the investment period distinguish long-term investments with a maturity of investments of three years or more, the medium-term – with a maturity of investments to one to three years, and short-term, with a maturity of less than one attachment [14, 41-55].

According to the form of ownership, private, public, foreign and mixed investments are distinguished [15, 80-86].

On a regional basis, there are internal (domestic) and external (foreign) investment [16, 225-228]

Low-risk investments and high-risk investments are distinguished by their degree of risk [17, 211-214].

In addition to the above, there are many different investment classifications, usually related to economics and accounting.

It should be noted that there are also various further classifications for real and financial investments.

Thus, according to the subject of investment, financial investments are divided into investments in stocks, bonds, etc.

In turn, real investments can also be classified according to various criteria.

Thus, for the subject of investment, V. G. Zolotov allocates material investments consisting of investments in fixed assets and working capital and intangible investments that include intangible assets such as goodwill and franchises [18, 463].

There are almost infinite options for classifying investments. However, it should be noted that scientists distinguish two types of classification: natural and artificial [19, 33-37]. Artificial classification is primarily a descriptive system that presents the phenomenon under study in a form that is easy to understand. In artificial classification, objects are divided into groups based on properties that are not always essential for the objects being studied, but these properties must clearly separate objects of different groups from each other. This classification is of formal character. In natural classification, all, or at least all, the most important properties of the object under study are used, and it is with the construction of a natural classification that research in a particular field of knowledge is associated. Artificial classifications are usually created for working and auxiliary purposes.

It seems that it is the classification of investments by object into real and financial ones that is closest to the natural classification of such a phenomenon as investment. The other methods of classification are artificial classifications, even if they are useful for studying the object of research.

Ending the story about the classification of investments, it is impossible not to dwell on one more question. In legal and economic doctrines, there is a point of view according to the object of investment, all investments are divided into direct and portfolio ones [20, 56-57]. Thus, direct investment is contrasted with portfolio investment. However, it is not possible to agree with this opinion for the following reasons.

According to current Russian legislation and international practice, direct investments are investments in which the investor acquires no more than less than 10 percent of the share of a commercial organization or otherwise gets the opportunity to participate in the management of this organization.

The definition of direct foreign investment is contained in article 2 Of the law on foreign investment in the Law. According to paragraph 2 of article 1 of this Law, its provisions do not apply to financial investments. Therefore, in our opinion, direct investment is a private type of real investment in which the investor receives more than 10 percent of the share.

As for portfolio investments, this term appeared in 1952 thanks to an article by the American economist Harry Markowitz «Portfolio Selection» in which he described his method of passive financial investments. The popularity of the method of portfolio investment gained in the 80-90-ies of the last century, when computers appeared to allow using the method described by Markowitz.

Thus, portfolio investment is a type of financial investment, along with, for example, active investment and speculation.

Direct investment, as shown above, is a special case of real investment. However, these two types of investments are not related in any way and it is somewhat illogical to contrast them when classifying investments. It seems that direct investment should be contrasted with indirect or indirect investment. This point of view is also present in scientific papers.

Conclusion

In the present article are analyzed the modern methods of classification of investments. In order to further improve the legal regulation of investments, it is proposed to develop a common definition of the concept of investment for use in regulating the same legal relations. Most classifications belong to artificial classification and only the division of classifications into real and financial ones is as close as possible to the natural classification. Direct and portfolio investments are not the opposite. Direct investment is a special case of real investment, while portfolio investment is one of the methods of financial investment. But these two types of investments are not linked by any properties.

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