

## **INCREASE OF THE UKRAINIAN RAILWAY INVESTMENT ATTRACTIVENESS**

*This article investigates the problem of investment activity efficiency and ways of improving the investment attractiveness of Ukrainian Railway.*

*Keywords: investment, investment activity, investment attractiveness, efficiency, rail transport.*

**Statement of the problem.** *In modern Ukraine in the conditions of the economy way out from the crisis especially important is the revitalization of investment, because without it the progressive changes in the economy, competitiveness improvement and overall sustainable socio-economic development of the country are impossible. At the present stage of railway development transport is gradually emerging from the crisis. It makes it possible to step up investment process to address systemic problems in the industry. However, a prolonged crisis, which has long had a place on the railways as a result of the decline in economic activity of freightforming sectors of the economy, still defines the problems faced in the field of restoration of property and railway equipment. The most progressive form of investment in rail transport is an innovative one, carried out for the implementation of scientific and technological progress in production.*

**Connection of the problem with scientific and practical tasks.** *Investment opportunities and prospects for development of railways of Ukraine are largely due to the level of their investment attractiveness, analysis and formation of which must be one of the key elements of the strategy of railway transport development. Under the conditions of modern railroads operation the development of systematic approaches to the evaluation of investment attractiveness of railways, railway transport within the transport system and the economy as a whole become more important.*

**Analysis of recent researches and publications.** *Significant contribution to solving the problems of investment objectives and policies addressed in the works of local and foreign scientists and economists. Research on the issue of investment decision-making started in the mid-twentieth century in the works of S.K. Myers, Y.F. Magee, G.A. Sica, V. Behrens, P. Havraneka, Blanca I. and other authors [1]. The following fundamental works are devoted to the development of theoretical framework for the development of railway transport, the process of reform, the impact of investment on economic growth, restoring production capacity, innovation and increased efficiency in the sector: A.P. Abramov, I. Aksenov, A.A. Bakayeva, J.S. Barash, V. Bukin, IV Belov, M.M. Gromov, V. Hurnaka, G.D. Eytutisa, Y. Elizarova, D. Zerkalov, V.P. Il'chuk, V. Kozak, V. Kornienko, V.A. Kryuchkov, Y.F. Kulayev, A.D. Lasko, G.M. Legenkiy, N.V. Makarenko, J.E. Pashchenko V.I. Pasichnik, V.M. Samsonkin, E.M. Such, Y. Fedyushyna, Y. Tsvyetova and other academic economists [7].*

**Not resolved earlier part of the overall problem.** *However, in the above writings it is payied insufficient attention to the evaluation of rail transport investment attractiveness, which has certain industry characteristics. Problem with the development of systematic*

approaches to comprehensive evaluation of Ukrainian Railways investment attractiveness is left unsolved. Urgency of this problem and insufficient study determined the choice of topic.

**Problem statement.** Development of systematic approaches to comprehensive evaluation of investment attractiveness of Ukraine Railways.

**Statement of the material.** Investment attractiveness of the company is a set of characteristics of its industrial, commercial, financial and administrative activities and features of the investment climate, indicating the advisability of investing in it [4].

The main objectives of the evaluation of investment attractiveness are:

- determination of the current state of the company and the prospects for its development;
- development of measures to improve the investment attractiveness;
- attracting investments in accordance with the investment attractiveness of the volume and get a comprehensive positive effect on the development of debt capital.

Increasing the investment attractiveness is a major factor in the effectiveness of the Company, the implementation of structural, and other innovative programs and projects.

For evaluation of investment attractiveness locomotive department, based on different methodologies and fundamental criteria, you can suggest the following scheme of analysis, which consists of four units [5]:

- I. Indicators of financial condition.
- II. Indicators of resource use.
- III. Indicators of organizational and technical level.
- IV. Indicators of social development.

Group indicators of financial condition are the most relevant for investors. Immediately it should be noted that in addition to the traditional performance in the first block of the analysis it is important to consider factors specific to the current stage of economic development of Ukrainian enterprises such as Railways.

We offer five main sub-indices analysis of financial activity:

- indicators for assessing property - allows us to determine the sources of formation of assets and assess how it is used;
- indicators for assessing the liquidity (solvency) - characterize the enterprise to promptly and fully to carry out calculations on its obligations;
- indicators for assessing financial stability - make it possible to determine the financial strength of the company stock, that the stability of its operations from the standpoint of long-term;
- indicators to assess business activities - manifested in the dynamics of its development, the achievement of selected goals, expanding markets;
- indicators for assessing the profitability - characterizing the economic efficiency of financial and economic activity.

Some methods of evaluation of investment attractiveness of using only financial indicators, are considered not quite correct, and does not give a clear assessment.

**Block II. Measuring the utilization of resources, which include utilization of human and material resources and utilization of assets.**

The indicators characterizing the use of labor resources, are indicators of time use, the formation and use of payroll, productivity.

Indicators of material resources characterize the composition and structure of working and material resources, the availability and effectiveness of their use.

Indicators of resource use are equally important for investors because they characterize the performance and indicate the prospects for development.

Block III provides an assessment of indicators of organizational and technical level.

To characterize the organizational and technical level of resources the company uses a variety of indicators. Indicators of scientific and technological level of production include the study of scientific research, technical equipment of labor, progressive applied technology and product quality.

Indicators of business management directly related to the analysis of the production structure of government, the use of advanced management techniques.

The structure of the block IV - assess the level of social development and environmental impact, are indicators that allow to characterize the level of social development, and established the existing level of training. Indicators that allow to take into consideration the impact on the environment, aimed at assessing whether this structure takes into consideration the current tendency to greening its own industrial and economic activity.

It is not possible to achieve competitiveness in the transport market and meet the demands of consumers as without investment investments in fixed assets of enterprises of transport, especially their rolling stock.

The size of investments in the activities of the various modes of transport are given in Table 1 [2].

**Table 1**

**Investments in fixed assets by type of transport, mln.**

Type of vehicle	Years		
	2010	2011	2012
Ground (rail, pipeline and other terrestrial)	10485,8	12821,5	15776
Water (sea, river)	52,4	103,7	170,4
Aviation	105,5	307,2	408,1

As seen from the data presented in the table, the amount of investment in the activities of the various modes of transport in 2012 compared with previous years tends to increase.

An analysis of the cash flows from investing activities Railways

In 2010 - 2012 pp. is given the information base for analysis is the second section "Cash flow from investing activities in the" form 3, which are recorded as revenue and expenditures for this type of activity that occurred during 2010 - 2012 gg. [6] The analysis is carried out using Table 2, where the separate sale revenues and expenses related to investment activities.

**Table 2**

**Analysis of cash flows from investing activities Railways, thous.**

№	Indicators	Years			Reject. + / -	
		2010	2011	2012	2011 y. / 2010 y.	2012 y. / 2011 y.
1	Proceeds from sale of fixed assets	80803	143916	276599	63113	132683
2	Net cash on deposit accounts	3452	-1596	4083	-5048	5679

3	<i>Receipt of government grants related to assets</i>	650000	967314	297000	317314	-670314
4	<i>Interest received</i>	38259	26870	18965	-11389	-7905
	<i>Total revenue</i>	772514	1136504	596647	363990	-539857
5	<i>Purchase of fixed assets</i>	-7853711	-10830216	-10336241	-2976505	493975
	<i>Total expenditure</i>	-7853711	-10830216	-10336241	-2976505	493975
	<i>Net cash used in investing activities</i>	-7081197	-9693712	-9739594	-2612515	-45882

As the data in Table 2, during 2010 - 2011. receipts from investing activities increased to 63113 thousand USD., and from 2011 to 2012 increased by 132,683 thousand USD., mainly due to the sale of fixed assets. As can be seen, the amount received now of interest on financial investments made in 2010 - 38 259 thousand., In 2011. - 26870 thousand. and 18965 thousand. by 2012

The cost of investment enterprises increased in 2012 to 493,975 thousand. were related primarily to the acquisition of fixed assets. This indicates that the company prefers real investment.

A comprehensive study of the state locomotive department in terms of investors, application of the developed methodology for assessing the attractiveness, study its relationship with investment needs can identify a range of measures to improve the investment attractiveness:

1. *Improving organizational and managerial measures: implementation of an effective management system, improve the quality of the management, development of investment strategy focused on potential investors.*

2. *Improved financial performance: the work to attract long-term debt sources, development of leasing operations, reducing the short-term inter-debt, increasing funds.*

3. *Increased profitability: improving tariff policy, conditionally reducing fixed costs, increase return on equity.*

4. *Increasing resource efficiency: reducing wear traction rolling stock, increasing rate of capital, reducing the energy intensity of production, reducing the number of managerial staff, increase productivity, improve manufacturing and quality indicators, improve the utilization rate of production capacity.*

5. *Improving organizational and technical measures: improving indicators characterizing the level of production technology, improve performance technical equipment, improving the level of information and automation, improve motivation, aiming to participate in the performance of employees, increase of safety and environmental protection.*

**Conclusions.** Implementation of the above measures will help gradually raise the investment attractiveness of the locomotive department for both domestic and foreign strategic investors are able to compensate for the lack of investment resources that help to overcome the economic crisis in the future.

Thus, to the strategic objectives of locomotive department should increase the investment potential, increase investment attractiveness, create new mechanisms of cooperation with

*investors, perform industry projects that have the greatest economic and trade performance and attractive for private investors.*

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