

PROBLEMS AND FEATURES OF FORMATION OF THE STATE CREDIT RESOURCES IN THE CONTEXT OF GLOBALIZATION

Dropa Ya. B.

Candidate of Economic Sciences, Associate Professor,
Senior Lecturer at Department of Finance,
Money Circulation and Credit,
Ivan Franko National University of Lviv

In the article studied the scientific approaches to the interpretation of economic substance of a category of “public credit” and proposed the author’s understanding of this concept as a set of economic relations between government and business entities and households on the distribution of the value of gross domestic product in the course of which the conditions of urgency, repayment, payment and the intended use is the formation of borrowed funds of the state. It is an important source of mobilization in terms of budget deficit and the permanent recession in the country, but leads to public debt, the repayment of which become a burden on the next generation of the population.

The paper reveals the main features of state credit, namely, state participation in credit relations; satisfaction of the priority needs of society; source of the grant, repayment and servicing is budget resources; often as a result of loans obtained social impact; presence of increased risks associated with excessive spending of borrowed resources.

The positive effects of public lending in the article include: improvement of the financial and credit component of the national economy; acceleration of growth of the national income; increasing domestic demand; stabilization of the national economy in the face of declining business activity and the economic downturn; ensuring the financing of public investment. Indicated that negative for the national econ-

omy are the following effects: creating the conditions for intervention in the economic system of the debtor country and reducing public spending; increased sensitivity to the global financial crisis; displacement of investment capital; exacerbation of payment crises during the economic instability; outflow of funds from the market of borrowing country; increased demand for foreign currency devaluation and in case of deterioration of the economic situation.

The conducted analysis showed that government borrowing and debt servicing in Ukraine are constantly increasing. The share of the latter in consolidated revenues for the period of 2005–2015 years is considered. There is a steadily growth of state borrowings and thus related expenses, which share acquired a threatening size for the economy, which could lead to default, since in recent years the state credit is performed for service of previously received loans. The main instrument of government borrowing is domestic and foreign securities. The largest volume of trading in the domestic government securities market occurred during 2012 is before the crisis, and later it always declined. In its structure a proportion of the OTC market is constantly growing, which is a negative trend.

In order to attract free funds of households to cover the investment needs of the state, in our view, for the government Ukraine it would be appropriate to produce affordable and attractive for the stability and reliability benefits of government securities

to the public, which will help improve the structure of its savings and help the state to finance budget deficit.

To increase the efficiency of public loans it is offered to direct attracted financial

resources to finance socially important and profitable innovative projects that would contribute to the future growth of tax potential and conditions for maintenance and repayment of loans.