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## INVESTMENTS IN THE COUNTRY'S ECONOMY

*The concept of investment has been analyzed and the investment classification and regulating laws in the sphere of investments have been given.*

**A research urgency.** Investing is a form of opportunities used in order to make a profit for the owner. It provides funds for growth and development of the country's economy. Functioning and growth of the economy largely depend on how easily funds can be mobilized funds to finance the growing needs of both the state and private companies.

**A research objective:** to study the importance of investing in the economy.

**A body.** Investments are an integral part of modern economies. They are objectively necessary for sustainable economic development and providing stable economic growth. Active investment process determines the economic potential of the country as a whole, contributes to raising the living standards of the population. The economic activity of business entities largely depends on the amount and form of ongoing investment.

An investment refers to funds, securities and other property, including property rights, which have monetary value, invested in the business objects and (or) other activities for profit and (or) to achieve a useful effect. The object of investment activity can be any property, including fixed assets and working capital in all spheres of the economy, securities, trust cash deposits, scientific and technical products, intellectual values, other items of property and property rights as well. Investments differ from loans by different levels of risk to the investor (lender) as the loan and interest must be returned within a specified period regardless of the project profitability. Investments return and generate revenues only in profitable projects. Study of the problems of investing has always been of concern to economic science. This is due to the fact that investments affect the deepest foundations of economic activity defining the process of economic growth in general.

At the macroeconomic level investments are required for: expanded production, structural reforms in the country, improvement the competitiveness of domestic products, handling social and economic problems, in particular problems of unemployment, the environment, health care, education, etc.

There are 4 major classification criteria of investments (Fig. 1)

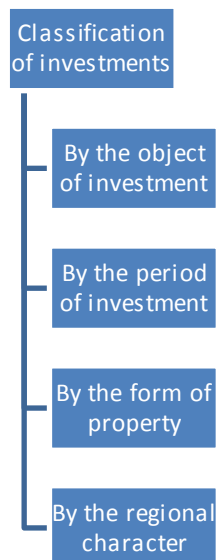


Fig. 1 - Classification criteria of investments

Fig. 1, the first classification criterion - *by the object of investing* – can be of different types:

- real investment (direct purchase of real capital in various forms): in the form of tangible assets (fixed assets, land), expenses for construction or reconstruction, capital repairs of fixed assets, investments in intangible assets: patents, licenses, rights of use, copyrights, trademarks, know-how, human capital (education, training, science), etc.;

financial investment (indirect purchase of capital through the financial assets): securities, including mutual funds, loans, lease (for the lessor);

- speculative investments (purchase of assets solely for the sake of a possible price change): currency, precious metals (in the form of unallocated metal accounts), securities (stocks, bonds, certificates of collective investment institutions, etc.).

*By the period of investment:* short-term (one year), medium-term (1-3 years), long-term (over 3-5 years).

*By the form of property* for investment resources:

- private - formed from the funds of the private, corporate enterprises and organizations, citizens, including both own and borrowed funds;
- state - formed from the state budget, from public financial sources;
- foreign - invested by foreign investors, other countries, foreign banks, companies, entrepreneurs;
- joint - investments undertaken by individuals of the country and foreign countries.

*By the regional character:* domestic investments and foreign ones- investing in investment objects which are located within the boundaries of the country or across aisles.

The main laws regulating relations in the sphere of investment are the Law of Ukraine "On investment activity", "On Foreign Investment", "On external

economic activity of enterprises." In connection with the adoption of the Tax Code some changes in some legislative acts were amended (Article 335. of the Tax Code, "Taxation of the investor in the performance of production sharing agreements", which explains the features of taxes). New Tax Code encourages the investor to open a new production or expand the existing ones. The revenue which an investor invests in the development of their production or increasing its energy efficiency is not taxable. In addition, the government reduces the VAT and income tax. A number of priority sectors have been tax exempted. Maximum reduction in the number of possible procedures for obtaining permits for construction and putting into operation, instead of obtaining 93 permits in 1993, now only 23 are required [1].

Nowadays, large changes in the country's economy are taking place due to the football championship "Euro 2012", in which our country is directly involved. In 2012 Ukraine will be visited by a large flow of tourists, who should be properly welcomed, accommodated at the hotels and provided with high-quality service. In order to do this some new airport terminals and roads are being built, the old roads are being repaired and some shopping malls are being built, the hotels and infrastructure are being developed. It is not possible to implement all such changes without the investments of various forms of ownership.

**The conclusion** Thus, the efficiency of state investment policy depends on the state of production, location and level of technical equipment of fixed assets, the possibility of restructuring the economy, social and environmental problems.

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