

SECTION 6. MONEY, FINANCES AND CREDIT

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CREDIT AND FINANCIAL FACTORS OF BUSINESS ACTIVITY REGULATION

The finance of enterprises plays the important role in the structure of market connections. One of the main goals of state policy is development and modernization of assistant mechanisms of effective formation and using small enterprise finance.

The future dynamic development in small entrepreneurship essential encourages to the generally-economic growth. But its activity is limited by financial barriers. The main investment source is still own financial recourses of small entrepreneurship and family loans. Bank credits are limitedly through the high rate of interest and also because of bank guarantee absence (in the form of mortgages or highly-liquid assets).

In market economy states, the finances are the main economic instrument of intervention to the processes of widened reproduction, distribution and redistribution of the gross national product. They are the specific form of production relations circulation. Finance as the system of economic relations which are objectively classified into two spheres: state finances and enterprise finances (entrepreneurship structures).

Entrepreneurship structures finances is associated as economic relations elements and connected with formation, distribution and use of income and financial assets. They are closely correlated with state finances: the higher the productivity, the greater the size of the product is produced by the company, the more of it may be brought to the state treasury. And conversely, the greater

profit volume, the greater its part may be directed to the budget and production widening, the higher production efficiency and as the result – the profit volume.

Small entrepreneurship subject's finances have an important meaning for state finances forming. It appears the direct and return connections between macrolevel and numerous microlevels of commercial units. Small entrepreneurship subjects pay taxes to state and local authority's agencies. In its turn, state gives them the direct or indirect subsidiaries, performance the indirect measures which encourages to the entrepreneurship development.

In the structures of financial interrelations in market commerce, finances of entrepreneurship structures in particular of small entrepreneurship play an important role because of their servicing in the main branch of social production where the material and non-material goods are created and it's formed the major mass of state financial resources. They are specific for them features, from the one point of view which characterize the financial nature in general but from the other – they are the features which are provided by financial functioning in entrepreneurship structures.

In the financial interrelations structure, the finances, in particular, in small enterprises play an important role. The development and future improvement in mechanisms of mechanisms improvement in the formation and using the finances of small entrepreneurship are the priority tasks of state policy.