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STATE REGULATION OF INVESTMENT ACTIVITY IN BUILDING SPHERE OF UKRAINE

Abstract. *The article deals with the issues of improving the state regulation of investment activity in the Ukrainian construction industry. The analysis carried out revealed considerable discrepancy, imbalance and fragmentation of investment activity in the country's construction, with multidimensionality and multilevelness under the limited financial sources and regulatory mechanisms. In order to solve existing problems, measures are proposed to increase the investment of economic entities.*

Key words: *state regulation, construction sphere, economic interests, methods, tax policy.*

INTRODUCTION

In modern conditions, one of the most demanded by society and the state in its social orientation and investment capacity is the construction sector. Investments in construction allow to solve important social and economic problems: provision of housing for the population, modernization of worn-out utility infrastructure, reconstruction of housing stock, construction and reconstruction of social facilities, etc.

However, weak investment activity of the state, enterprises and population, high intra-industry competition and monopolistic position of some construction companies, excessive administrative barriers, as well as imperfection of technical regulation, imbalance of construction norms and regulations with international standards negatively affect business activity in the construction industry. Thus, there is an objective need to improve the methods of state regulation of investment processes and their compliance with modern needs.

State interference in the investment process has a dual nature. First, the state, through the legislative, executive, financial institutions, institutional organizations, sets economic, legal, organizational and other conditions necessary for the normal functioning of the investment sphere, economic and legislative measures such as taxes, credit, investment policy; chooses strategic investment priorities. In the second variant, the state acts as the owner of investment resources and a business entity, generates investment resources and becomes a direct participant in the investment process.

Contradictions of economic interests of economic entities generate competitive relations in the market of investment resources. In turn, this leads to the need to find economically acceptable compromise ways to resolve these contradictions. The

objective limitation of the volume of investment resources objectively leads to the need for coordination of actions of participants in the investment process.

In accordance with the Law of Ukraine "On Investment Activity", state regulation of investment activity includes management of state investments, as well as regulation of terms of investment activity and control over its implementation by all investors and participants in investment activities [1].

The main forms of influence on economic processes are: structural policy, indicative planning, fiscal policy, monetary policy, price regulation of the economy, antimonopoly policy.

With the direct participation of the state in the creation of a modern model of the construction sector through the system of state regulation creates the basis for a powerful investment activity that can adapt the construction industry to global competition, to any changes in the external and internal environment and on this basis to support sustainable growth in the medium- and long-term prospects.

In the established system of state regulation of investment activity in the construction sector there is a disadvantage that violates its integrity and organic - it is uncertainty of the vector of its direction.

The conducted analysis proves considerable delimitation, imbalance, fragmentation and self-regulation of investment activity in the construction industry. Multidisciplinarity and multilevelness with limited financial sources and regulatory mechanisms are available.

In addition, the state on the one hand is a direct investor, that is, for the purpose of obtaining income, reducing the budget deficit, mitigating the social crisis, on the other hand, it is closely following the receipt of investments from other sources in order to make them usable from the point of view of the state.

The main forms of realization of the tasks of state regulation of investment activity in the construction industry are:

- financial and credit regulation system through the monetary mechanism;
- budgetary control mechanism;
- the mechanism of tax regulation;
- state business;
- mechanism of regulation of foreign economic activity;
- state ecological legislation;
- state legislation on labor and social protection;
- application of methods of indicative (recommendation) planning of the entire national economy and policy towards state enterprises and natural monopolies.

Under the methods of state regulation, one must understand the system of administrative, economic, organizational, preferential and other methods of interference of state authorities in the functioning of the construction sector, the market, the population, commercial and non-profit structures in order to create conditions for the implementation of investment policy as a kind of national economic policy. In the domestic scientific literature [2; 3; 4; 5] distinguish methods

of direct and indirect influence through which the state regulates investment activities, which are applied in three areas: legal, administrative and economic.

Direct state policy is implemented with the help of: finance (budget development funds, budget loans at the expense of state external borrowings, investment tax credits, compensation from the state budget of interest rate differentials for loans, granting of a delay in debt repayment or debt write-offs to state enterprises and organizations, which are held at the expense of state and municipal funds); assets; state guarantees.

The most important tool of state regulation is the tax regulation of investment activity, which consists in its stimulation or distempering by the following tax levers: the establishment of the period of "tax holidays"; introduction of accelerated depreciation of property; introduction and application of the system of privileges.

State regulation performs one of the functions of management of the construction sector of the country and is a set of functions of control and permitting activities, assessing the conformity of products at all stages of the construction cycle (expertise, construction supervision and control, the issuance of permission for construction and commissioning of objects in operation), installation budget estimates for using budget funds in construction, etc.

In addition, state regulation is carried out taking into account national interests, interests of regions and local self-government.

The situation in the state regulation of investments in the Ukrainian housing market is characterized by a lack of balance of interests and guarantees in the relations between the participants.

Thus, private investors do not trust their money to developers under construction, focusing on the acquisition of finished (commissioned) housing. Mortgage loans fail, their number does not increase due to the low purchasing power of private investors.

Indeed, despite the significant reduction in real estate prices as a result of market correction under the influence of the crisis, long-term housing loans are unavailable due to high interest rates and commissions. Banks do not lend to developers due to the unsuitability of an unfinished building for collateral. The lack of collateral for loans to developers, who, moreover, have no guarantees of home sales and forecasted sources of funds for repayment, closes them access to bank lending.

Government initiatives in the area of housing loans and construction have been ineffective in view of the scale of the crisis, and the desirable amount of funding needed to scale up construction significantly outstrips the government's ability.

The main investment resource, which is the accumulation of the population, remains untapped, even though the population of the country is in dire need of housing.

Attention to solvent citizens to invest in the construction stages can attract only the sale of ready-made housing at affordable prices (cheaper offers in the secondary market).

To this end, it is necessary to introduce:

– exclusion from the cost of construction of non-core components that are not directly financed by citizens; the introduction of operations on bank financing of construction projects with the subsequent sale of ready-made housing to private individuals, including through mortgage lending, will allow saving people as the main source;

– the use of National Bank of Ukraine (NBU) refinancing loans by banks on mortgage bonds (in the initial stages of project implementation) should become a temporary source of credit resources until it is replaced by other inexpensive sources (including the sale of bonds in the secondary securities market after normalization of market rates). However, acknowledge that such refinancing of loans to the real sector of the economy will not lead to rising inflation and further pressure on the national currency rate;

– optimization (minimization) of the State Budget expenditures on subsidizing a percentage of mortgage borrowers' interest in existing youth support programs, changing priorities for antiterrorist operation participants and forced migrants, which will allow new recruits to be recruited annually without increasing allocations for such purposes.

The following measures will help to activate investment investments of economic entities:

– bank lending for housing construction projects on the pledge of unfinished construction with "technical" protection of the rights of creditors, including their ability to recover debt by transferring a collateral object to another developer (at the customer's request);

– support of liquidity of banks with the use of refinancing NBU for securing mortgage bonds;

– a gradual transition to financing from other sources (increasing the share of buyers' funds and selling bonds in the secondary securities market);

– introduction of the regime of conditional deposit of funds by future apartment buyers to accumulate funds for settlements with developers;

– introduction of payments using special deposits such as escrow accounts, where escrow-agents are banks that finance the construction.

Therefore, we must recognize that under the current model of the national economy, the role of the state should be to create an effective regulatory environment to stimulate the development of the construction market and maintain an appropriate level of objective competition, improve the business climate and increase investment attractiveness.

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