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## **SMALL BUSINESSES DEVELOPMENT FINANCING: PROBLEMS OF EFFICIENT USE OF INVESTMENT COMPONENT**

Appropriate development of small business requires a combination of means of taxation, fiscal, pricing, foreign economic, social policy in order to create favourable business climate. In spite of adoption of a set of important decisions, development and introducing of the National Programme of Support to Small Business Development in Ukraine, conditions for its formation and development were not improved substantially. Small business has not become yet a valuable sector of the national economy. Influencing by various factors (lack of proper regulatory support of small business development, lack of appropriate financial and credit support, limiting of financial and material resources), small business is developing slow in the country; entrepreneurship activity needs comprehensive aid of the state both at the legislative and financial levels.

In terms of financial and economic crisis in Ukraine the business environment has significantly deteriorated, small business development is at a slow pace, there is a tendency to decreasing business activity. Analysis allows distinguishing among primary causes the following: firstly, lack of concrete measures of state support of small business, which should suppose

active attraction of local executive authorities to this process; secondly, high taxation rates, considerable amount of examinations by controlling bodies, which force a lot of entrepreneurs to transition to the shadow economy that is evidenced by the fact of rapid reduction in number of operating small enterprises among registered; thirdly, low rates and distortions during the privatization process; fourthly, lack of appropriate regulatory support of development of small business in particular and business as a whole; fifthly, limiting of consultative support, lack of proper and qualitative professional qualification of entrepreneurs.

Solving of problems related to creation of favourable climate for small business development needs an implementation of measures toward adoption of new Laws of Ukraine and improvement of existent legislative base in the view of protection of owners and consumers, reduction of tax pressure upon officially operating entrepreneurial structures. Realization of stated directions should promote the creation in society a positive attitude toward small business as a progressive form of economic management, which is able to provide population with new workplaces, create conditions for growth in income and well-being.