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## **THE ACCUMULATION OF CAPITAL AND ITS INVESTMENT IN UKRAINE**

The accumulation of capital is the process of converting the additional cost of capital, including all its various types (capitalist property) [1, p. 864].

The process of capital accumulation occurs in two main forms:

1. the concentration of capital,
2. the centralization of capital.

The factors that stimulate the growth of capital accumulation are scientific and technological revolutions. It leads to the formation of new industries and products which require significant investment. Moreover, STD also increases efficiency, which, in its turn, increases production at lower cost. This factor causes the downward trend rate of savings.

The state plays an important role in the process of capital accumulation. It influences the development of the human resources quality, NTP and other factors. Thus the state has to allocate funds for the development of education and science, finance high-tech industries, implementation of active tax, depreciation, finance and credit, structural, innovative policy.

The accumulation of capital implies the accumulation of productive and money capital. In the process of accumulation of productive capital and it allocates gross and real investment.

Gross investment is the amount of expenditure aimed at replacing worn-out assets and capital gained in the current year.

Real investment is investment in means of production, science, information and other elements of the productive forces [1, p. 865].

In addition to this, there is a difference between formal and real capital accumulation. Formal accumulation of capital is its accumulation in the form of money, securities and financial assets. The real accumulation of capital is in the form of material and the material content of real capital [1, c. 864]. Formal capital accumulation must be in a certain proportion of the real accumulation. Violations can lead to impairment of financial assets. Consequently, there is a so-called negative wealth effect (values of financial assets, cash balances).

In Ukraine, the first phase of capital accumulation took place during 1988 – 1992. The prerequisite for capital accumulation was granting autonomy to the state enterprises. State property used for business purposes by a narrow circle of people was associated with the production and delivery.

In the second phase of primitive accumulation of capital (1992 – 1996) occurred when approaching the domestic price to the world, most sectors (except for certain raw) lost opportunities to accumulate capital. Though new sources: the budget, redistributed through concessional lending for individuals, as well as personal household savings and working capital businesses seized from them during the period of hyperinflation.

In the third phase of capital accumulation (1997 – 2000) took place shift to the accumulation of productive capital, that is opening opportunities for the participation of the national capital in the privatization of large enterprises.

After reviewing capital expenditure by type of assets from 2010 to 2015, we can see that investment in tangible assets far outweigh the investments made intangible. Fairly low investment was made in education, health and social assistance, agriculture, forestry and fisheries as well as in construction. [2]

Thus, the most important factors of influence on the process of capital accumulation and STP are the state that has an impact through the provision of funds for the development of education, science and finance in various industries.

## **LITERATURE**

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