

CREDIT AS A SOURCE OF FINANCING INVESTMENT PROJECTS

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Keywords: credit, investment loans, project financing.

The article deals with a wide infrastructure of investments that are created in market economies. We can call them financial assets of long-term money. Pension funds, insurance companies, mutual funds are the largest of them, and the banks take only the fourth place. Moreover, very often banks take their parts in the project not as lenders but as investors. In connection with a number of problems in the Russian economy and the substantial gap between the real and financial sectors of the economy in Russia banks are the main source of long-term money received by enterprises for investment purposes in the private sector of the Russian economy.

A wide infrastructure of investments is created in market economies. We can call them financial assets of long-term money. Pension funds, insurance companies, mutual funds are the largest of them, and the banks take only the fourth place. Moreover, very often banks take part in the project not as lenders but as investors. In connection with a number of problems in the Russian economy and the substantial gap between the real and financial sectors of the economy in Russia banks are the main source of long-term money received by enterprises for investment purposes.

The word «Credit» is of Latin origin. “*Creditum*” (*Latin*) - something passed from one person to another with the assurance of a refund. In contrast to investments, credit initially involves full recourse to the borrower that is the requirement to repay the debt regardless of the impact of its use by the borrower and the adoption of the latter over all risks.

The theory is also developed by various positions of scientists in determining the nature of the loan. Leading scientists (A. Babich, and L.N. Sokolova, A.G. Mnatsakanyan, etc.) consider a loan as a set of economic relations, isolated subjects of credit relationships that are lenders and borrowers. Whereas many authors include such basic principles in the definition of loan as recurrence, maturity and payment. A number of other economists (O.I. Lavrushin, O.B. Veretennikova, M.S. Maramygin, V.K. Senchagov, A.I. Arkhipov, V.E. Leontyev, N. Radkovskiy, etc.) determine credit as a form of movement of loan capital and focuses on the redistributive functions of the loan.

Based on the categorical nature of the loan, its shapes and forms, the characteristic fea-

tures of the investment loan can be distinguished. No doubt credit refers to the cash loan as a source of investment funding in the real sector of the economy. The subjects here are the credit relationship, banks and legal entities. Investment credit is productive, as well as their own investments. In today's economy the credit loaned not just in money but in the form of money as capital.

Based on the analysis, the definition of an investment loan can be formulated. Investment loan is a form of productive forms of credit for the purposes connected with an investment in fixed assets of the borrower and its use for profits on terms of repayment, maturity and interest payment. Important features of investment lending are strictly targeted loans and increased control by the lender for a borrower using funds from the bank.

Depending on a particular project financing scheme the bank can act as the initiator of the project and the investors or other parties can act solely as the parties financing the project. The size of investment lending provided by the bank of resources for the project is comparable to the revenue and the extent of current activities of the borrower's source of repayment of such loans.

A somewhat different form of bank lending project is the project financing. It's a form of lending to an investment project that in future will generate a credit project. Most scientists in their definitions note the possibility of limited recourse to the borrower.

The main advantages of project financing according to the author should include a thorough elaboration of the project, due to the multiplicity of its sources of funding and the project

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participants, as a consequence - more opportunities to attract significant amounts of funding and allocation of risks between project participants. At the same time, you can highlight a number of drawbacks of project financing, which hinder the development of this form of investment projects in our country. First and foremost are the high maintenance costs of the project, which should take into account the interests of all its participants that increase interest rates on loans due to increased risks for the bank and to the high cost of engineering design allowing participants to draw the necessary project.

Federal law "On investment activity in the Russian Federation, the form of capital investment» dated 25.02.1999 № 39-FZ.

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