

THE ESSENCE AND NECESSITY OF LENDING TO ENTERPRICES

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The basis of any enterprise is financial resources, i.e. equity, debt and borrowed capital, and their effective use. Before analyzing the need for corporate lending, it is important to define the basic concepts covered by a given topic, namely to interpret the terms "credit", "corporate lending", "bank loan".

The word "credit" was transferred to the Ukrainian language from Latin, namely from the word "creditum", which translates as "debt". Thus, the concept of credit means a type of financial relationship in which one party, the lender, lends to another, the borrower, a certain amount of available cash resources under certain conditions.

The concept of "bank loan" is enshrined at the state level in Article 2 of the Law of Ukraine "On Banks and Banking", according to which a bank loan is any obligation of the bank to provide a certain amount of money, any guarantee, any obligation, obligation to acquire the right to claim the debt, any extension of the debt, which is provided in exchange for the debtor's obligation to repay the amount owed, as well as the obligation to pay interest and other fees on such amount [2].

The concept of "enterprise lending" is multifaceted, so different scholars, both domestic and foreign, interpret it differently. Thus, M. Berdar defines lending as an economic relationship regarding the provision of loans provided on repayment terms and cause the emergence of credit relations between those who provide these loans and those who receive them [1]. K. Solodieva and O. Shafranova have a similar opinion about the interpretation of this term, who claim that lending plays an important role in the development of the country's economy [4], and therefore is necessary to ensure the smooth operation of enterprises.

That is, taking into account and carefully studying the above information, it can be argued that the loan reflects the economic relations associated with the accumulation and use of temporarily free funds through their redistribution by banks on terms of repayment, payment and maturity and for the most effective their use in the national economy.

The main reason for the emergence of credit, which allocates the economic literature, is commodity production, and the basis of its operation is called the movement of value in the field of commodity exchange. In the process of such commodity exchange there is a gap between the commodity and its monetary equivalent.

There are two cases of gap between the product and the payment for it. In the first case the commodity is ahead of the cash flow. At that point the consumer enterprise with the onset of payment for the goods does not have sufficient funds for payments, which may cause the normal reproduction process to stop. In the second case the cash flow gets ahead resulting in the emergence of temporarily free cash in the enterprise, which do not participate in production.

The existence of credit relations is due to the need for a continuous process of the enterprise and the emergence of temporarily free cash in some entities and the need for these funds in others.

Thus, credit relations arise in any transaction related to the debt of one of their participants to another, and the subjects of credit relations are the lender and the borrower, while their object is the tangible assets for which the contract is executed.

The economic scientific literature has identified the following features of credit relations, which constitute their essence [3]:

- economically independent participants in credit relations;
- equal and voluntary relations;
- do not change the owner of inventory, about which they arise;
- are valuable;
- inequality of credit relations significantly increases their payment;
- at the macroeconomic level are primary;
- ability to ensure the growth of free value.

Thus, according to the fact that through lending temporarily free funds are accumulated and redistributed, lending is necessary to ensure the continuity of production, as well as for the development of enterprises, their expansion and the development of the economy as a whole.

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