

V. Zalyubovska, third-year student
T. Shevchuk, lecturer, research advisor
N. Kolisnichenko, teacher-methodologist, language advisor
Berdychiv College of Industry, Economics and Law

NATIONAL DEBT AND MANAGEMENT

The urgency of the topic of national debt is explained by the fact that debt is an important element of the "income-spending" cycle.

Public debt distorts the economy, slows down the development of real economic processes, and ultimately prevents the country from efficient developing. A big burden lies on the state budget. It is constantly in crisis, which deepens more and more. And this leads to the growing of the national debt.

Public debt is the cumulative total of all government borrowings less repayments that are denominated in a country's home currency [2].

The economic essence of public debt revealed through the following two functions:

1. fiscal – involving state funds needed to finance budgetary expenditure;
2. regulatory – adjusting the money supply through the purchase and sale of securities by the central bank of the country [1, c. 455].

The state debt of Ukraine includes:

1. arrears on loans from international organizations, economic entities;
2. debt on loans from foreign authorities;
3. arrears on loans from foreign commercial banks;
4. external debt not attributed to the other categories.

Payments for servicing public debt are carried out by the State Treasury of Ukraine in national and foreign currencies in the following order:

- payment for the use of a loan (payment of interest income on debt) and commission payment, fines are paid directly to the accounts of creditors or agent banks in accordance with agreements agreed to by the Ministry of Finance of Ukraine with creditors and bank agents as in national and foreign currencies. Transactions in foreign currency are made from foreign currency accounts of the State Treasury Service of Ukraine;

- other payments for servicing the public debt are made in the national currency through the registration accounts opened in the name of the Ministry of Finance of Ukraine in the State Treasury of Ukraine; in foreign currency - from the foreign currency accounts of the State Treasury of Ukraine to the accounts of service providers according to the supporting documents.

According to Articles 59, 60, 61 of the Budget Code of Ukraine, the State Treasury of Ukraine prepares:

- a report on the public debt and government's guarantees;
- a report on arrears of economic entities to the state for loans borrowed under state guarantees;
- statement on payments made by the state of the guaranteed obligations;
- information on public debt management;
- information about provided state guarantees. [4]

The total amount of public debt and state-guaranteed debt at the end of the budget period cannot exceed 60% of the annual nominal Ukraine's GDP.

In case of expected exceeding of this limit, the Cabinet of Ministers of Ukraine will immediately address the Verkhovna Rada of Ukraine for permission to exceed this limit temporarily and submit for approval the plan of measures for bringing the total amount of public debt and guaranteed state debt to the established requirements. [3]

In 2016 public debt exceeded 75 billion dollars, has increased 3,660 million since 2015. This amount means that the debt in 2016 reached 81.25% of Ukraine GDP, a 1.92 percentage point rise from 2015, when it was 79.33% of GDP. [6]

According to the data point published, Ukraine per capita debt in 2016 was 1,787 dollars per inhabitant. In 2015 it was 1,694 dollars, afterwards rising by 93 dollars.

The position of Ukraine, as compared with the rest of the world, has worsened in 2016 in terms of GDP percentage. Currently country number 154 in the list of debt to GDP and 81 in debt per capita, out of the 185 published.

At the same time, the direct external debt increased by \$150 million - up from \$37.24 billion a month, while the direct domestic debt declined to UAH 678.88 billion. [5]

In order to manage the national debt effectively, the Ministry of Finance of Ukraine has the right to carry out such operations as issue, purchase, redeem and sell governmental debt bonds, subject to compliance with the limit of the state and local debt at the end of the budget year. [3]

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