

**CLASSIFICATIONS OF INSTRUMENTS NECESSARY
FOR STIMULATION OF ECONOMIC DEVELOPMENT IN CONNECTION
WITH FINANCIAL POLICIES - THEORETICAL ASPECTS**

Summary

The author presents basic instruments aimed at stimulating economic development in local communities. The instruments are classified as direct and indirect ones, according to their level of influence on local business. Particular attention is focused on instruments of fiscal policies which are applied by local communities.

It must be stressed that there is a large variety of measures which can be taken in order to stimulate economic development. It is assumed that decisions concerning application of particular instruments are taken by local authorities and are limited by their financial resources. These resources determine application of typical and traditional methods as well as introduction of new, unconventional solutions.