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Amplification of the Effectivity of Financial and Budgetary Policy of the State at the Present Stage

Zarema N. Stash¹, Marina V. Panichkina², Marina G. Leshcheva³,
Margarita F. Safonova^{4*}, Nadezhda K. Vasilieva^{4**} and
Vyacheslav P. Vasiliev⁴

¹ *Kuban State Technological University, Krasnodar, Russian Federation*

² *Institute of Management in Economic, Environmental and Social Systems of the Southern Federal University, Taganrog, Russia*

³ *Stavropol State Agrarian University, Stavropol, Russian Federation*

⁴ *Kuban State Agrarian University named after I.T. Trubilin, Krasnodar, Russian Federation*

* *E-mail: safjsf@yandex.ru*

** *E-mail: kennad@rambler.ru*

Abstract: The leading, decisive part in the formation and development of the economic structure of any modern society is played by state regulation carried out within the framework of the economic policy chosen by the government. The state's performance of the functions entrusted to it is related to the availability of the necessary financial resources, which in turn requires the concentration of a part of the money created in the state in the budget. During the mobilization of these funds and their use, financial relations between the state, taxpayers and budget recipients arise. These relations are built in accordance with the fiscal policy, developed and implemented by the authorities. The fiscal and budgetary policy includes the actions of state and territorial authorities in the tax, monetary, price and other areas of finance. The fiscal and budgetary policy is a set of actions and the actions spent by authorities, on use of financial relations for performance of the functions by them and management of financial and budgetary system. The financial and budgetary policy presupposes the definition of goals and objectives in the field of finance, the development of a mechanism for mobilizing funds to the budget, the choice of directions for using budgetary funds, the management of finances and the financial and budgetary system, and the organization of financial and budgetary instruments for regulating economic and social processes.

Keywords: country budget, economic efficiency, fiscal policy

JEL Classification: H20, H61, H71, H72

INTRODUCTION

Russia has entered a qualitatively new stage of development. The world community has recognized the Russian economy as a market structure, there is a relative stabilization of the economy and finance, social functions of the state and local governments are expanding.

The current stage of Russia's development as a whole can be described as a stage of state, economic, financial and social reform. At the same time, one can not but note the fact that many reforms do not yet yield the desired result. The most important reason is usually the lack of a sufficient and stable financial base. However, in the final analysis, everything depends on the absence of a coherent scientifically based concept, strategy and tactics for the development of the state (municipal) financial economy.

In modern conditions, the problems of formation and implementation of effective fiscal and budgetary policies in practice throughout the country as a whole as well as at the subfederal level acquire special significance. The latter aspect is now the most important. The financial stability of such a huge country as Russia will be guaranteed only if the financial well-being of its numerous territories is ensured. Hence the importance of problems of developing a concept of effective fiscal policy.

The state budget occupies the central place in the system of public finances. The state budget is a financial plan of the state for the current financial year, having the force of law. By definition of the Budget Code of the Russian Federation, the budget is a form of formation and spending of funds intended for the financial provision of tasks and functions of the state and local self-government. By accumulating funds with the help of the state budget, the state, through financial mechanisms, implements the political, economic and social functions entrusted to it by the society, namely the state apparatus, the army, law enforcement agencies, the implementation of social programs, the implementation of priority economic tasks, etc.

The fiscal policy is the core of the state's economic policy; it reflects all of its financial relationships with public institutions and citizens. When planning fiscal policy, the state should proceed from the need to ensure financial and social stability. Predictability of fiscal policy is a key factor in overall macroeconomic stability. The federal budget should become a reliable financial foundation of a strong democratic state.

LITERATURE REVIEW

Due to the fact that the very concept of the financial and budgetary system is actively used by the financial and economic authorities of the government, this concept is very well-studied.

The greatest contribution to the analysis of the financial and budgetary system of Russia and understanding of the methods of its functioning was made by G.B. Polyak, the author of more than 40 monographs and textbooks (Polyak, 2012) devoted to state and municipal finance. Significant developments in this field by A.A. Belenchuk, M.P. Afanasyev, I.M. Aleksandrov should also be noted.

Yu.G. Shvetsov, O.M. Trifonova, S.I. Gusev studied the prospects for the formation of the financial and budgetary system.

General-theoretical issues of the functioning of public finances and the formation of the financial and budgetary system are explored in the works by I.T. Balabanov, A.Z. Dadashev, A.G. Kulikov, I.D. Matskulyak, V.G. Panskov, B.E. Penkov, G.B. Polyak, V.M. Rodionova, M.V. Romanovsky, A.Z. Seleznev, V.N. Sumarokov, S.N. Khursevich.

The problems of the development of relations of budgetary federalism are to be found in the works of O.I. Bogacheva, S.D. Valentey, A.G. Igudin, A.M. Lavrov, Yu.I. Lyubimtsev, R.A. Chvanov.

An analysis of the regional development of intergovernmental fiscal relations is presented in the works of A.G. Granberg, V.I. Klistorin, V.N. Leksin, A.S. Marshalova, V.E. Seliverstov, S.A. Suspitsyn, A.N. Shvetsov.

In the light of the issues under consideration, of special interest and usefulness are doctoral dissertations by V.P. Goreglyad, V.B. Khristenko, S.G. Khodasevich, and candidates' theses by G.I. Danchikova, T.V. Doronina, A.M. Ivanov, L.R. Potokova, D.P. Pupenko, V.V. Silchenko, and others.

We would also like to acknowledge the works of foreign scientists: M. Kaletsky, J.M. Keynes, J.R. Hicks, W. Petty, P. Samuelson, A. Smith, that were used while doing this research.

The analysis of scientific works on the problem of fiscal and budgetary policy and the formation of the budget allowed us to establish that in modern conditions (Shkurkin *et al.*, 2016), the budget should be viewed as a complex category. The budget is a complex multi-aspect category:

- A) from the position of financial science it is a part of the value of the GDP created in the country, distributed and redistributed by central or local governments to meet the economic and social needs of society;
- B) from the position of economic theory it is the system of economic relations associated with the formation and use of budgetary funds, for the central and local authorities to perform the functions and tasks assigned to them to ensure the reasonable and effective development of administrative-territorial units (Vertakova *et al.*, 2016); From legal positions it is the main financial plan of the country or a separate administrative-territorial unit, which takes the form of a law, on the basis of which mobilization and use of financial resources take place;
- C) from the position of organization and management it is the main macroeconomic lever to ensure the effective and proportionate distribution of limited budget funds between different territories, economic sectors, business entities and the population to ensure the progressive development of the country's economy (Romanovskii & Ivanova, 2000)

Different scholarly views on the essence of the budget account for how they allocate various functions performed by the budget (Table 1).

Table 1
Grouping the functions of the budget in accordance with the views of scientists from various economic schools (Polyak, 2012)

<i>Scholars</i>	<i>Budget Function(s)</i>
G.B. Polyak	Distributive, state regulation and stimulation of the economy, financial support of the financial and budgetary sphere and implementation of social policy of the state, control over the formation and use of centralized funds
M.V. Romanovskii	Formation of the monetary fund, the use of the budgetary fund, control
V.M. Rodionova	Distribution, control

MATERIALS AND METHODS

The object of the study is the modern financial and budgetary system of the Russian Federation, and interbudgetary relations at the federal and regional levels.

The subject of the study is theoretical, methodological and practical aspects of the formation and implementation of the regional fiscal and budgetary policy, ensuring the projected rates of social and economic development of the subjects of the Russian Federation.

Methodological basis of the research is domestic and foreign theoretical and practical developments in the field of macroeconomic theory, finance, regional studies.

The necessary depth of analysis, reliability of conclusions are provided by application of general scientific methods: historical, logical and system analysis, inductive and deductive methods.

Information base of the research: the Budget and Tax Codes of the Russian Federation, other federal laws; Resolutions of the Government of the Russian Federation, regulatory documents of the executive authorities of the Russian Federation on financial matters, primarily materials of the Ministry of Finance of the Russian Federation and the Ministry of Taxation of the Russian Federation that regulate the budgetary process; Domestic and foreign publications, including works in special periodicals; Statistical collections of the State Committee of the Russian Federation on Statistics; Materials of scientific and practical conferences and seminars.

The novelty of the work is determined by the fact that, based on research and development of the theory of finance in the part of budgetary relations, taking into account the generalization of domestic and foreign experience in solving the economic, legal and organizational problems of the functioning of the financial and budgetary system of the Russian Federation, the system of measures aimed at solving an important state problem is substantiated and proposed: theoretical assumptions and practical recommendations for conceptually provisions fiscal policy aimed at achieving the projected goals of socio-economic development of the Russian Federation.

DISCUSSION

The Concept, Goals and Objectives of Fiscal Policy. Politics (from Greek) means the art of governing the state. In a broad sense, politics is the concept of a special activity to protect and promote the interests of certain subjects in opposition to the interests of others; in the narrower sense politics is a set of activities aimed at achieving certain goals. The second definition essentially does not differ from the semantic content of the term “management”, and therefore does not seem to be appropriate in scientific context. Below, under state activity in this sense, we mean public management, or public administration, the task of which is the implementation of public policy (Oleinikova, Kravets & Silnov, 2016).

Any policy is a relationship of at least two subjects regarding the protection and realization of one's own interest concerning some object (which may be material, social, sensory and other vital values). Accordingly, the policy can be classified:

- by the type of object (social, economic);
- by the type of subject (private, collective, state).

The policy of the state is a concept of relations concerning and realization of the state interests, the device, systems of a public law and order. The policy of the state of a market economy is a combination of economic, political, military and legal measures carried out by public authorities with a view, first of all, to preserve and develop the existing state structure, state apparatus, private property and property categories of the population (Agaptsova, 2013).

Since the state itself does not produce any values, its existence is possible only due to the alienation of the means of producers and other proper economic subjects (Musgrave, 1983). The main link in the socio-economic policy is formed by the financial policy covering relations concerning the country's monetary system, insurance, prices, revenues and expenditures of the state. As part of the financial policy of the state allocate a budget policy, which ensures the withdrawal and purposeful use of funds.

The components of the fiscal policy are:

- fiscal, or tax, policy;
- investment policy.

In the fiscal, or tax, politics, the interests of the state apparatus, entrepreneurs and wage earners clash, which involves the choice of a fiscal course, principles of tax policy (Bogov, 2012). Among the latter, the most famous are:

- maximum taxation of received and existing vital values of subjects;
- taxation according to the solvency of economic entities;
- taxation according to the mutual benefit of payers and the state;
- the principle of donation by economic agents.

The choice and correlation of principles in the specific practice of taxation are largely determined by the nature of the state structure, the specifics of the historical moment, and other factors. Thus, the first two principles were widely used by totalitarian regimes, when the interests of the ruling state elite, supported by the power structures, were put on the first place. After all, the more taxes, the higher the share of the domestic product of the state, the stronger it is. Conversely, the latter principles (mutual benefit and donation) characterize the democratic system, when citizens of the country through the electoral system of the state apparatus dictate the course of fiscal policy.

Here there is a classical objective situation: any choice of principles should guarantee a minimum of living benefits for the existence and reproduction of the labor force as the only real source of wealth, the foundation of society and the state.

Investment policy covers a wide range of problems, among which the main ones are (Ulyukaev, 2012):

- the ratio of realization of requests of consumers and producers, reflected in the proportion of current investment and development investments;
- the ratio of the interests of various consumer subjects, the determination of the proportions of appropriations for the financial provision of the state machinery, the poor, economically well-to-do strata, etc.;
- provision of a living wage to citizens of the country.

This is the general content of fiscal policy. Its significance is enormous, because it determines the economic, financial basis of the functioning of the state and the life activity of the whole society.

The ways of development and solving the problems of fiscal policy are expressed in the annual budget message of the President of the Russian Federation. The whole difficulty lies in their consistent implementation.

The strategic goals of the country's development, as defined in the annual Messages of the President of the Russian Federation, are based on the formation and implementation of the budget policy.

The main goal is to raise the level and quality of life of the population. The state should contribute to raising real incomes and employment of the population, increasing savings and property of citizens, and developing the housing market (Liverovsky, 2013).

In the sphere of the state's direct responsibility is satisfaction of the needs of citizens in quality and affordable housing, education, healthcare, cultural and spiritual development, information, leisure, unconditional fulfillment of all statutory social guarantees, including pension and social security, social protection of citizens who need state aid (Shkurkin *et al.*, 2017).

The basis for solving social problems is a high rate of sustained economic growth, ensuring the creation of new jobs, increasing wages in the economy, and expanding the state's financial capabilities. For this, first of all, it is necessary to maintain financial stability (low inflation and stability of the national currency), determining the degree of people's trust in the state (Godin & Podporina, 2012).

It is important to reduce the tax burden on the economy and administrative barriers, protect property rights, ensure economic freedom and conditions for equal competition. The state should support the development of transport, communication and energy infrastructure, air and shipbuilding, the export of intellectual services, the space industry and other strategic sectors of the economy.

Provision of defense capability and security is a necessary condition for the development of the country. Social progress is impossible in a country whose citizens suffer from military conflicts, terrorism, crime, natural disasters. The destructive potential of violence, natural and man-made disasters is constantly growing, and the state's duty is to do everything to protect citizens from these threats. Ensuring high combat readiness of the Armed Forces, their technical re-equipment, the creation of a professional, mobile army, combating terrorism and the proliferation of weapons of mass destruction, preventing local conflicts, preventing and eliminating the consequences of emergencies and natural disasters are among the main priorities of budget expenditures.

Creating conditions for future development is the most important mission of a socially responsible state. People should be confident in the future, convinced that their children and grandchildren will be grateful to the older generations, who laid the foundation for the future prosperity of the country as a whole, and therefore of each family separately. The development of natural and scientific potential, the competitive education system, the formation of an innovative environment, the support of advanced technologies, the provision of citizens' rights and freedoms, the development of democracy and civil society, the effective organization of the state itself, and the fight against corruption are prerequisites for achieving this goal. A direct contribution to its achievement should be made by an integrated solution of the demographic problem.

Achievement of many of them is determined not only by their financial security, but also by the effectiveness of legal regulation, the ability of the state to pass fair laws and to achieve their implementation. A significant contribution is made within the framework of legislatively established authorities and responsibilities, by state authorities of the subjects of the Russian Federation and local self-government bodies. A number of public obligations are executed at the expense of state extra-budgetary funds.

However, a decisive contribution to the implementation of the country's strategic development goals makes the federal budget. Its main parameters significantly influence the level of inflation, the dynamics of the exchange rate, the tax burden and other conditions of economic development. Financial support of the state in strategic areas of activity and the most significant social guarantees is provided at the expense of the federal budget. Finally, a significant amount of transfers from the federal budget to the budgets of the constituent entities of the Russian Federation and to the budgets of the state extra-budgetary funds of the Russian Federation.

That is why specific requirements for fiscal policy are formulated annually in the Budget Message of the President of the Russian Federation.

Draft Budgets Preparation. The first stage of the budget process is drafting budgets. Drafting budgets is preceded by the development of forecasts for the socio-economic development of the Russian Federation, the subjects of the Russian Federation, municipalities and economic sectors, as well as the preparation of consolidated financial balances, on the basis of which the executive bodies carry out the drafting of budgets. The draft budgets are compiled taking into account the need to achieve minimum state social standards based on the financial costs for the provision of state or municipal services and other established standards (Knorring, 2006).

The President of the Russian Federation, no later than March of the year preceding the next fiscal year, sends a budget message to the Federal Assembly in which he determines the budget policy for the next financial year.

Drafting budgets is the exclusive prerogative of the Government of the Russian Federation, relevant executive authorities of the subjects of the Russian Federation and local self-government bodies. Direct drafting of budgets is carried out by the RF Ministry of Finance, financial bodies of RF subjects and municipalities.

Budgeting is based on:

- budget message of the President of the Russian Federation;
- forecast of the socio-economic development (FCED) of the corresponding territory for the next fiscal year;
- the main directions of the fiscal and budget policy of the corresponding territory for the next financial year;
- forecast of the consolidated financial balance for the respective fiscal year;
- the development plan of the state or municipal sector of the economy of the corresponding territory for the next financial year.

Parallel to the draft budget on the basis of the medium-term forecast of socio-economic development of the Russian Federation (region, territory), a prospective financial plan (PFP) is formed, containing data on the forecast possibilities of the budget for revenue mobilization, attraction of state or municipal borrowing, and financing of basic budget expenditures. The PFP is not legally approved (Pavlova, 2013).

The objectives of the development of the PFP are: informing the legislative (representative) bodies about the expected medium-term economic and social development trends, forecasting the financial consequences of the reforms being developed, programs, laws, monitoring long-term negative trends and timely taking the necessary measures. As a basis for drawing up budgets, the balance of financial resources (BFR) is used, i.e. the balance of all revenues and expenditures of the RF, its subjects, municipalities and economic entities in the respective territory. The BFR is compiled on the basis of the reporting BFR for the previous year and the FCED of the corresponding territory.

The financial bodies are entitled to receive the necessary information from financial bodies of another level of the RF financial and budgetary system, as well as from other state and local authorities and legal entities.

The first stage of the formation of the federal budget is the development by the federal executive authorities and the selection by the Government of the Russian Federation of a plan for forecasting the functioning of the economy for the next financial year. Based on the data of the plan-forecast, the RF Ministry of Finance develops the main characteristics of the budget and the distribution of budget expenditures. The Government of the Russian Federation considers proposals to increase (preserve) the minimum wage and pensions, and their indexation.

Within two weeks from the day the Government adopts the main characteristics of the budget and the distribution of budget expenditures the Ministry of Finance of the Russian Federation directs the projections of the main budget indicators to federal executive bodies for distribution by specific budget recipients and notifies the executive bodies of the subjects of the Russian Federation about the method of forming interbudgetary relations between the Russian Federation and the constituent entities of the Russian Federation (Fetisov, 2013).

The second stage of the formation of the federal budget is the distribution by the federal executive bodies of the maximum amounts of budget financing in accordance with the functional and economic classifications of expenditures and recipients of funds, the development by these bodies of proposals for economic transformations, the abolition of unfunded regulatory acts, and the preparation of a list of funded federal targeted programs. Uncoordinated issues are subject to consideration by an interdepartmental commission headed by the Minister of Finance of the Russian Federation.

Not later than July 15 of the year preceding the next financial year, the federal executive bodies should complete the development and coordination of budget indicators, documents and materials submitted simultaneously with it (forecast of the consolidated budget, targeted investment program, development plan of the state (municipal) sector of the economy, municipal debt and the borrowing program for its coverage, the program of providing state (municipal) guarantees, estimation losses due to tax breaks, the evaluation of the expected execution of the current year's budget, etc.), draft laws on the minimum wage, pensions and their indexation, abolition unfunded acts.

From July 15 to August 15, on the basis of documents submitted by federal executive bodies, the Government of the Russian Federation should approve the draft federal budget law for submission to the State Duma.

The Main Directions of Fiscal Policy in Times of Crisis. Instability of financial systems, aggravation of social problems and slowdown of economic growth compel governments of many countries to take various measures to stabilize the situation and stimulate the economy, including measures of fiscal policy. As the historical experience of conducting stimulating economic policy during periods of crises shows, in most cases the main role was played by monetary policy measures due to their greater efficiency and comparatively higher efficiency.

Nonetheless, discretionary fiscal policy can also be used, but with some limitations, especially in emerging economies.

It should be noted that built-in, automatic stabilizers of fiscal policy are considered to be relatively effective and, importantly, adequately working both under conditions of recession and in case of the economy “overheating”. In Russia, they are quite sensitive to changes in economic conditions, including the ones beyond the borders of the country - so, in the period of slowing economic growth in the world, the tax burden on the oil sector is significantly reduced, as energy prices, to which the main charges in the oil sector are tied, are reduced.

In emerging economies, a stimulating fiscal policy leads to an increase in the deficit and, consequently, of public debt. In this case, usually during periods of “overheating”, the restraining fiscal policy is not so active, that is, it turns out to be asymmetric, shifted towards stimulation, which also leads to a constant increase in debt. The growth of public debt in emerging markets is an unfavorable factor and increases the risks for the country in the future.

In particular, this can lead to the fact that the rates of external borrowing for such countries are too high, further aggravating the situation. Another serious problem is the provision of a “temporary” stimulating fiscal policy. If during the crisis period taxes were reduced or the state assumed new spending obligations, even when moving to the stage of recovery, it is often politically difficult to abolish such changes.

Therefore, in case of taking a decision on certain stimulating measures of fiscal policy, the government should carefully analyze the possibilities for their curtailment in the future (Arzhakov & Silnov, 2016). One of the most important factors in the effectiveness of the anti-crisis fiscal policy is targeting of the measures taken, whether they are measures of social support or stimulation of enterprises in the real sector.

Our country faces the following tasks related to fiscal policy and requiring fairly rapid solutions.

The use of monetary and fiscal policies to stabilize the situation in the country’s financial market. As already noted, the solution of this task is mainly ensured by monetary policy measures, but fiscal measures can also be used, especially if there are significant reserves (including oil and gas funds). However, the key question here is: how to determine the optimal measures and the amount of budgetary funds that would have a positive impact on the financial sector, but would not lead to unfavorable medium- and long-term consequences, i.e. inflation, a sharp increase in the budget deficit, etc.?

The use of fiscal policy measures to solve acute social problems. In the conditions of the global financial crisis, economic instability and a slowdown in economic growth rates, while a fairly high level of

inflation, Russia, like other countries, may face various social problems. On the one hand, this is a decline in the standard of living of citizens, an increase in unemployment, and on the other hand, a slowdown in the development of social sectors. Here the choice of stimulus policy measures is important, so that those who really need help receive it, and budget expenditures do not lead to an additional inflation growth.

Support of the real sector of the economy in conditions of a possible recession. To avoid a sharp decline in the real sector of the economy (due to unfavorable external conditions and internal instability) and the associated economic and social consequences, incentive measures are required from the state.

Ways to Improve the Efficiency of Using Budget Funds. Improving the efficiency of budgetary expenditures for the provision of services to society is one of the priorities of modern budget planning and reform policies at all levels of the public finance system. The state is responsible for the spending obligations it has incurred and should show evidence that the budget funds spent have produced a certain result or are spent with some effect. Moreover, the received effects should be sufficiently reliable and be confirmed by certain numerical values as per directions, articles, programs, projects of budgetary financing of public needs. Thus, the main problem of the currently implemented financial and budgetary reform is an increase in the efficiency of budgetary expenditures at all levels of the financial and budgetary system, since this is a more important factor in the growth of efficiency in modern conditions in comparison with its revenue side. This issue is especially acute at present, in conditions of post-crisis recovery of the Russian economy resulting in the emergence of an unstable situation with the revenue side of the budget.

It should be noted that the current budget legislation does not provide a clear understanding of what is meant by the effectiveness of budget expenditures, despite the fact that Article 34 of the Budget Code of the Russian Federation establishes the principle of effectiveness of using budgetary funds. Thus, in accordance with this article of the RF Budget Code, the effectiveness and efficiency of using the budgetary resources of the financial and budgetary system is understood either to achieve the specified results using the lowest amount of funds, or to achieve the best result using the budget determined by the budget.

Currently, there are the following main areas for increasing the effectiveness of budget expenditures, common in international practice and relevant for our country:

- introduction of RBB tools;
- reform of the budgetary sector (restructuring of the financial and budgetary sphere);
- improving financial management in the public sector.

One of the main tools to improve the efficiency of budget expenditures, currently relevant for Russia is the introduction of budgeting methods based on the principles of result-based budgeting (RBB). In general, the RBB model provides for the allocation of budget funds between the budget recipients depending on the achievement of concrete results, thus ensuring the most effective expenditure of budgetary funds. In this case, the funds are distributed in proportion to public expectations and priorities.

After all, the basic assessment of the effectiveness of budget services is based on two foundations: economic efficiency, linking the volume of services provided with costs and social efficiency, which is defined as the degree of achievement of a certain social result. Thus, the development of financial standards on the basis of which the calculation of the cost of public services will be carried out must be preceded by the definition of the ultimate objectives of the provision of services.

The approach to the formation and execution of the budget on the principles of the RBB differs significantly from the principles of the budgeting process that existed earlier, when the basis for budget planning and spending is an item-by-item review of the cost estimate in its various variations. The essence of the so-called budget planning was that budget expenditures were determined on the basis of historical data plus a surcharge. So in the last two or three years, the expenditure side of the budget annually increased by 20-30 percent.

In such planning, specific goals and results of spending public funds were ignored, the purpose of this funding was to implement expenditures at the previous or incremental levels, that is, in fact, costs were equated with results.

In the second direction of increasing the efficiency of spending budget funds, among the main unsolved problems in the functioning of the financial and budgetary sphere, it is necessary to note the following:

- the current mechanism of budget financing is ineffective, since it is not connected with the results of activity of budgetary institutions;
- the content of quasi-budgetary institutions (a significant share of their income comes from paid services) prevents the increase in the amount of funding for those institutions that produce public services on a non-market basis;
- the lack of legal regulation of the actions of the administration of a budgetary institution to dispose of income from entrepreneurial activity leads to inefficient use of these funds, as well as to direct abuse.

Modernization of the financial and budgetary network is carried out in the following main areas:

- optimization of the current network of budget recipients;
- reorganization of budgetary institutions and transition to new forms of financing the provision of public (municipal) services (contract financing, consumer subsidies, regulatory funding);
- introduction of methods for the formation of RBB at the level of the subjects of the Federation and local self-government bodies.

Concerning the third direction of increasing the efficiency of spending budget funds, it is necessary to improve the quality of financial management, since one of the main problems is the insufficient level of management in the public sector. Financial management is a system through which financial aspects of the activity of a state body are managed and controlled to achieve its goals. The system assumes greater freedom of decision-making for those who manage budget expenditures and results. Financial management in the public sector comprises the following processes and procedures that ensure the effectiveness of resource use: identifying the most effective ways to use limited resources to achieve socio-economic policy objectives; Ensuring the effective implementation of decisions taken; Delegation of responsibility; Responsibility and accountability for activities and their results.

Therefore, to achieve the main goal of effective and responsible public finance management, i.e. the provision of high-quality public services while improving the efficiency and effectiveness of budget expenditures, it is necessary to consistently reform all phases of the budget cycle by introducing modern procedures and financial management processes into the public sector (Silnov, 2016).

The steps taken during the budget reforms set the framework for budget planning at all levels of the budgetary system in accordance with the principles of the RBB and improving the quality of decisions in the medium term, laid the foundation for further progress in the management of public finances and the subsequent achievement of the main goal of transition to the management of public finances in the Russian Federation on the principles of transparency, sustainability and efficiency. At the same time, not all problems have been solved. Inadequate efficiency of using budget funds at all levels has led to the adoption of a number of documents related to the issues of reforming budget planning.

For the successful implementation of results-based budgeting, it is necessary to carry out a number of transformations concerning both the institutions of the financial and budgetary sphere, and the budgetary management system in general.

CONCLUSION

The state budget, being the main financial plan of the state, and the main means of accumulating financial resources, gives political power a real opportunity to exercise power, gives real economic and political power to the state. On the one hand, the budget policy, being just a complex of documents developed by one branch of government and approved by another, performs a rather utilitarian function - it fixes the state's chosen style of governing the country. The budget in relation to the economic policy carried out by the government is a derivative product; it completely depends on the chosen variant of development of a society and does not play an independent role.

However, it is the budgetary process, showing the size of the necessary financial resources and real reserves available to the state, that determines the tax climate of the country, fixing the specific directions of spending, the percentage ratio of expenditures by sectors and territories, is a concrete expression of the economic policy of the state. Through the budget, the national income and the gross domestic product are redistributed, it acts as an instrument for regulating and stimulating the economy, investment activity, increasing production efficiency, it is through the budget that social policy is implemented.

The budget process is a mirror of the state, a barometer of its economic and social status and political situation. And no matter how argue the proponents of the primacy of spirituality and morality of society over the economy as a whole and finances in particular, the multi-thousand-year history of states on our planet shows the opposite. With the destruction of the economy, the collapse of finance, the lack of funds in the financial and budgetary system, spirituality, morality and culture in society also fall down.

In the market economy, in the context of the narrowed state capabilities to influence the economic processes in the country, the role of fiscal policy as one of the most important tools of state regulation of the economy significantly increases.

Thus, the budget policy and budget process, uniting the main financial categories (taxes, state credit, public spending), are the leading links in the financial system of any state; they play an important economic and political role in any modern society.

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