



## International Journal of Economic Research

ISSN : 0972-9380

available at <http://www.serialsjournals.com>

© Serials Publications Pvt. Ltd.

Volume 14 • Number 15 (Part 4) • 2017

### Problems of Investment and Budget Planning and SWFs in Russia

Litvinov Alexei Nikolaevich<sup>1</sup>, Danilina Marina Viktorovna<sup>2</sup>, Klonitskaya Anna Yurievna<sup>3</sup>, Kozlova Svetlana Vyacheslavovna<sup>4</sup>, Sherbina Tamara Alexeevna<sup>5</sup>, Chadina Elena Viktorovna<sup>6</sup>, Mikhailovskaya Natalia Mikhailovna<sup>7</sup> and Ermolaeva Elena Nikolaevna<sup>8</sup>

<sup>1,5</sup>Ph.D., Assistant professor, Finance University under the government of the Russian Federation, Moscow, Russia

<sup>2</sup>Ph.D., REU Plekhanov, Finance University under the government of the Russian Federation, Moscow, Russia

<sup>3,7,8</sup>Ph.D. in economics, Associate Professor, Department Economy of Industry, MAI (Moscow Aviation Institute), National Research University

<sup>4</sup>Dr.Sc. (Economics), Prof. Department Financial University under the government of the Russian Federation, Moscow, Russia

<sup>6</sup>Ph.D, Head of the Department of the scientific and research and innovation-entrepreneurship work of the students, Finance University under the government of the Russian Federation, Moscow, Russia

#### ABSTRACT

The article analyzes the current state and problems of the investment and budgetary policy of Russia, as well as the role of sovereign wealth funds (the Reserve Fund and the National Welfare Fund).

**Keywords:** Investment, investment policy, budget, sovereign funds, reserve fund, national welfare fund, Russia.

Investment and budget policy is one of the most important questions in the Russian Federation at the moment. The rotation of the investment cycle and the contribution to the growth of investment and fixed capital began in the second half of 2012, in 2014 the dynamics of capital investments moved to the negative range (a decrease of 1.5%), and by the end of 2015 the depth of investment decline has reached 10.1%. Since the end of 2015, the rate of reduction in investment in fixed assets began to slow down, in 2016, investment activity stabilized, and by the end of the year the decline was -0.9%. Since early 2017, growth rates have returned to a positive area, and by the results of the first half of the year they amounted to 4.8% [1-5].

In the basic version, the growth of investments in fixed assets in 2017 is projected at 4.1%. The main contribution (3.1 pp.) Will be provided by the private sector, investment growth in which has been maintained

since 2016 against the backdrop of a slowdown in the rate of reduction in public capital investments. Investment in the transport complex (without pipeline), construction and real estate and manufacturing (investment in chemical production and engineering) will have a positive impact on the overall dynamics. The main financial resource for restoring investment activity will be profit organizations (in 2015, growth was 17.6%, in 2016 - 17.3%).

The implementation of a number of measures developed by the Government of the Russian Federation (the program for concessional lending to small and medium-sized businesses “6.5”, the creation of a “project finance factory” on the basis of Vnesheconombank, and the creation of an effective mechanism for public-private partnership on the principles of “infrastructure mortgage”) will promote growth investments through credit. As a result, in the medium term, it is expected to restore the share of loans to investments in the total volume of loans to the average annual level of the pre-crisis period 2011 -2014. However, against the background of the ongoing reduction in budget capital investments (an average of 4.1% per year), the organizations’ own funds will remain the main investment resource in the medium term.

Thus, on average, the increase in investment in fixed assets in 2018-2020 will make 5,3% a year. At such rates of growth, gross fixed capital formation will reach 23.8% of GDP in 2020. The basis for investment growth in the medium term will be an increase in the level of business confidence while maintaining stable macroeconomic conditions. Positive impact on the restoration of investment demand will continue to be limited by the growth of tariffs: a reduction in the costs of companies will allow part of the released funds to be spent on investment needs. Among the risks that arise as a result of tariff restrictions in the investment sphere, we should outline the possible further reduction in the volume of investment projects and programs in the grid complex of the electric power industry.

An important factor in restoring the growth of investment activity will be the dynamics of investment in the construction sector and operations with real estate. After a reduction in the share of capital investments in the construction complex and real estate transactions in 2016 to 24.2% by 2020, its gradual recovery is expected to reach the level of 2015. Restoration of investment activity will be facilitated by increased investment in infrastructure projects and services (trade, financial intermediation and operations with real estate). A positive contribution will also be made by capital investments in the fuel and energy complex and the processing industry of oil refining), but against a background of more modest growth in investments in these industries, their share in the total volume of investments in the medium term will decrease.

The average annual growth in investments in 2018-2020 in the manufacturing industry (without oil refining) will be about 4%, the main driver of the restoration of investment activity in the manufacturing industry (without oil refining) will be chemical production, which successfully realizes the potential of import substitution: large companies of the chemical complex expect to continue implementing investment projects, including the production of import-substituting products. A positive contribution to the dynamics of investments in manufacturing industries will be supported by the growth of capital investments in the woodworking complex, the engineering industry and light industry [1-5].

Since 2015, the state economic policy (and budget policy as an integral part of it) has focused on overcoming the consequences of the most powerful external shock in the past half century. Its main objectives during the period of adjustment to such a significant structural change in the external conditions were: (1) to ensure an early transition to an equilibrium state with a new economic structure; and (2) minimization

of losses in such a transition (see box “Adaptation to external shocks and concomitant economic policy”).

Direct adaptation processes as a whole were completed by the second half of 2016, when the price ratio in the traded and non-tradable sectors returned to the level of 2005 and as a whole became consistent with the new structural level of oil prices. In accordance with [3], an effective stabilization economic policy in this case allows to ensure:

- Rapid correction of macroeconomic imbalances. Now, with low oil prices, the domestic economy is characterized by: (1) a strong balance of payments with minimal dependence on external financing and a limited vulnerability to volatility in the moods on world markets; (2) a controlled level of budget deficit with an understandable trajectory of reaching a balanced budget; and (3) controlled inflationary dynamics at the level of targets and declining inflation expectations.
- Reduced dependence on oil prices. The price of oil that ensures the balance of the current account of the balance of payments has fallen from a level of over \$ 100 per barrel in 2013 to \$ 35-45 per barrel. Moreover, in 2017, the price of oil balancing the federal budget at the primary level (i.e. before fulfilling the obligations on servicing the public debt) is 60-65 US dollars per barrel, and on the three-year horizon it will decrease to 40-45 US dollars per barrel, while in 2013-2014 for balancing the federal budget at the primary level demanding The price was around 95-105 US dollars per barrel.
- Improvement of the structure of the economy. Over the past two years, the share of profit in the structure of the national income has increased significantly (+41.7% in 2016: +2.8 pp from 2014), thus forming an internal, natural source for investment financing. Accompanying the adjustment to external shocks, the growth of competitiveness and profitability of domestic sectors of the traded sector led to an increase in the share of non-oil and gas industry in the GDP structure (from 9.3% in 2014 to 10.6% in 2016).

In recent years, there has also been a significant reduction in the debt burden of the non-financial sector and a recovery in the structure of the financial segment, indicating that the economy is now better prepared to transform savings into healthy (efficient) investments.

### **Adaptation to External Shocks and Concomitant Economic Policy**

Adjusting the balance of payments to sharp and large-scale changes in the price conditions of trade and/or capital flows requires a transition to a new internal balance of the economy with a lower level of import consumption and/or a higher level of non-oil and gas exports. For the transition to a new equilibrium, a change in the structure of the economy, a mechanism that provides such a transformation- a change in the sectoral price structure, i. The decline in prices in non-tradable sectors relative to prices in traded sectors.

The changes also concern the structure of the national income by its sources (the growth of the share of corporate profits in order to accelerate the movement of capital), the structure of domestic demand (growth in the share of investment), employment and imports. Changes in the structure of the economy, which occurred as a result of a large-scale change in relative prices in 1998, can serve as a good example. Structural reorganization of the economy after a change in relative prices in practice is always accompanied

by a decrease in the potential level of output, and the scale of losses depends on the degree of mobility of the factors of production (labor and capital) and the costs of their movement.

Accordingly, an economic policy oriented to the sustainable adjustment of the economy to structural changes in external conditions should include measures that favor: (1) a structural shift in relative prices to a new equilibrium—a policy of flexible exchange rate formation and the containment of associated inflationary consequences; and (2) increased mobility of factors of production - demonopolization and reduction of excessive regulation, reducing barriers to entry and exit, creation/development of an effective institution of painless change of owners/management, development of active support institutions in the labor market and mechanisms for increasing professional and geographical mobility of labor resources, etc.

Russia is historically characterized by relatively low mobility of factors of production and high costs of their movement. However, unlike, for example, the situation in 2008-2009, in part these features were smoothed out due to an effective combination of fiscal and monetary policy measures that allowed to ensure the adjustment of the balance of payments and the level of relative prices with minimal transformational losses. Thus, an effective stabilization economic policy:

1. Allowed to stop crisis phenomena during the period of adjustment. The scale of economic losses (taking into account the magnitude of the external shock) turned out to be relatively low, both in comparison with previous episodes of serious external shocks in the modern history of Russia, and in comparison with the scale of losses in other countries exporting raw materials in 2014-2016.

A significant drop in output in Russia occurred only in 2015, and in the second half of 2016 the economy returned to growth. At the same time, the decline was less profound than expected at the height of the crisis - during the year the estimates of economic growth rates in 2015-2016 were revised towards improvement. In general, the GDP of the domestic economy from the peak declined by 4.1%, and in the past crisis episode (2008-2009), the fall exceeded 10%.

- Compared to other countries in Russia, the trap of the inflationary indexation spiral and its consequences for the labor market were avoided: the promotion of this spiral in Brazil led to a twofold increase in the unemployment rate (from 6-7% to almost 14%), while in Russia the situation on the labor market remained stable. Thanks to the accumulated reserves and the conduct of a balanced budget policy, Russia managed to avoid the unenviable fate of the commodity countries of the African continent and Venezuela.

At the same time, there are examples of commodity countries where external shocks have slightly affected the domestic conditions - Norway, Chile or Saudi Arabia. Moreover, if in the first two cases it is the result of a long-term macroeconomic policy to isolate the economy from the volatility of commodity prices, then in Saudi Arabia stability is ensured by a quick waste of reserves, and as they exhaust, the country will have to go through a painful period of adaptation.

2. Created a reliable and healthy basis for restoring economic growth observed in the second half of 2016:
  - Economic growth accelerates for the third consecutive quarter (0.3% in Q4 2016, 0.5% in Q1 2017, 2.5% in Q2) and covers an ever growing industry perimeter. If the traded industries

that have gained serious competitive advantages due to the structural adjustment of relative prices, showed growth in 2015, now the recovery of output is also fixed in the areas most affected by the adaptation (machine building and equipment manufacturing).

- There is an improvement in the indicators of business optimism, which contributes to the restoration of investment. Investments in fixed assets in the economy as a whole ceased to decrease from the third quarter of 2016, and by the end of the first half of 2017 they grew by 4.8%. At the same time, there is a rapid growth in capital investments in certain sectors.
- Consumer activity is recovering, which is helped by the reduction in inflation (3.3% in August 2017), the positive dynamics of wages (+ 2.8% in January-June 2017) and low unemployment in the labor market (5, 4% on average for the first half of 2017).

Nevertheless, it is too early to call the balance in the Russian economy optimal. Below the desired are the growth rates of incomes of the most vulnerable segments of the population, the restoration of investment activity is proceeding at an uneven pace, significant structural limitations remain for dynamic and balanced development. The pace of sustained economic growth is limited by the “ceiling of the economy’s potential,” which varies from 1.5 to 2.0% per year, which cannot be sufficient to ensure a decent growth in the well-being of the population and modernization of the economy.

It is difficult to achieve an exit to more dynamic rates of economic development without a response to a number of challenges, including: (1) an increased level of economic uncertainty and dependence on the price environment in commodity markets; (2) insufficient degree of protection from possible risk scenarios due to the low level of accumulated sovereign reserves, (3) insufficient efficiency and unbalanced structure of budget expenditures, which does not contribute to correcting structural imbalances in the economy, (4) the existence of structural barriers to development associated with distortions in the competitive landscape and incentives for investment, quality and efficiency of public administration, demographic trends and human capital development, etc. Over the next few years, overcoming these structural imbalances will be the main objective of state economic policy, including budgetary.

The Reserve Fund of Russia for December 2016 was halved. This is reported in the materials on the website of the Ministry of Finance. As of January 1, 2017, the amount of the Reserve Fund was 972.13 billion rubles (16.03 billion dollars). At the same time, as of December 1, 2016, 2,032 trillion rubles were accumulated in it. The ministry specified that in December, in order to cover the budget deficit for 2016 from the Reserve Fund, funds in foreign currency were sold for 966.9 billion rubles.

In turn, the volume of the National Welfare Fund has decreased from December 1, 2016 to January 1, 2017, to 269 billion rubles, from 4.628 trillion to 4.359 trillion rubles. The agency “Interfax” in this regard notes that for the year from the Reserve Fund to cover the deficit was spent 2.137 trillion rubles. This roughly corresponds to the figure that the Ministry of Finance planned. The agency also recalls that the budget for 2016 was made up with a deficit of 2.36 trillion rubles.

The RF Ministry of Finance recently released data on the results of the placement of funds from the Reserve Fund and the National Welfare Fund for the period from January 1 to October 31, 2017. As of November 1, 2017g. The volume of the Reserve Fund amounted to 975.52 billion rubles, which is



equivalent to 16.86 billion US dollars. The balances of funds in separate accounts for the account of the Reserve Fund amounted to:

- 7.62 billion US dollars;
- 6.71 billion euros;
- 1.10 billion pounds sterling.

The aggregate estimated income from the placement of the Reserve Fund in foreign currency accounts with the Bank of Russia, recalculated in US dollars, for the period from December 15, 2016 to October 31, 2017, amounted to 0.02 billion US dollars, which is equivalent to 1.34 billion rubles. The exchange difference from the revaluation of balances on these accounts for the period from 1 January to 31 October 2017, amounted to 3.39 billion rubles.

In October 2017, the funds of the NWF were transferred to a deposit with Vnesheconombank, placed in December 2016. at the expense of the National Welfare Fund for the purpose of financing Vnesheconombank's project "Modernization of subway cars in Budapest (Hungary)", in the amount of 313.86 million rubles. In order to ensure the balance (covering the deficit) of the budget of the Pension Fund of the Russian Federation in October 2017, part of the FNB's funds in the accounts with the Bank of Russia in the amount of 1.28 billion US dollars, 1.09 billion euros, 0.21 billion pounds sterling was realized for 164.18 billion rubles, and the proceeds were credited to the account for the recording of federal budget funds in the currency of the Russian Federation.

As of November 1, 2017g, the volume of SWF amounted to 4 013.81 billion rubles, which is equivalent to 69.36 billion US dollars, including:

1. in separate accounts for the account of the NWF funds in the Bank of Russia:
  - \$ 18.12 billion;
  - 16.93 billion euros;
  - 3.62 billion pounds;
2. on deposits in Vnesheconombank - 221.83 billion rubles. and \$ 6.25 billion;
3. in debt obligations of foreign states on the basis of a separate resolution of the Government of the Russian Federation, without requiring a long-term credit rating rating of \$ 3.00 billion;
4. securities of Russian issuers associated with the implementation of self-supporting infrastructure projects, the list of which is approved by the Government of the Russian Federation - 112.63 billion rubles. and \$ 4.11 billion;
5. in preference shares of credit institutions - 278.99 billion rubles;
6. deposits with VTB Bank (PAO) and Bank GPB (AO) in order to finance self-supporting infrastructure projects, the list of which is approved by the Government of the Russian Federation - 164.43 billion rubles.

The aggregate estimated amount of income from the placement of FNB funds on foreign currency accounts with the Bank of Russia, recalculated in US dollars, for the period from December 15, 2016. to October 31, 2017. amounted to 0.04 billion US dollars, which is equivalent to 2.31 billion rubles. The

exchange difference from the revaluation of the Fund for the period from January 1 to October 31, 2017.

(-) 11.44 billion rubles, including:

- on the balance of funds on accounts in foreign currency with the Bank of Russia - 25.79 billion rubles;
- with funds placed on deposits in USD in Vnesheconombank - (-) 17.42 billion rubles;
- with funds placed in debt obligations of foreign states on the basis of a separate resolution of the Government of the Russian Federation, without requiring a rating for long-term creditworthiness - (-) 8.36 billion rubles;
- for securities of Russian issuers nominated in foreign currency, related to the implementation of self-supporting infrastructure projects, the list of which is approved by the Government of the Russian Federation - (-) 11.46 billion rubles.

In October 2017g. Income to the federal budget from the placement of the Fund:

- (a) on a deposit with VTB Bank (PAO) - in the amount of 3.61 billion rubles, which is equivalent to 0.06 billion US dollars;
- (b) on deposits in Vnesheconombank - in the amount of 2.40 billion rubles, which is equivalent to 0.04 billion US dollars;

The total income from the placement of the Fund's resources in the authorized financial assets in 2017 amounted to 44.32 billion rubles, which is equivalent to 0.77 billion dollars.

The main directions of the tax policy of the Russian Federation for 2017 and for the planning period 2018 and 2019.

Among the proposed measures in the field of tax policy in accordance with [4] can be identified the following:

- introduction of the tax on added income (NDM) in the oil industry for pilot deposits (both new and already developed);
- continuation of the "tax maneuver", including a reduction (up to the cancellation in 2018-2020) of export duties on oil, an increase in mineral extraction tax and a change in the excise tax scheme for oil products;
- support of small businesses (tax holidays, reduction of tax on expenses for the purchase of cash registers, etc.);
- consideration of the issue of exemption from taxation of coupon yield on circulating bonds;
- an inventory of non-tax payments and the introduction of those of them, which are essentially taxes, into the Tax Code;
- introduction of restrictions on the possibility of offsetting losses of unprofitable companies in the consolidated group of taxpayers (REAG) against profits of profitable participants;
- work to amend the agreements on avoidance of double taxation, and also from 2018 - the beginning of an automatic exchange of tax information with foreign tax authorities.

## Incomes of the Federal Budget

The document rightly notes that in conditions of low oil prices, the key is the problem of replenishment of budget revenues. In the medium term, despite low forecast oil prices, oil and gas revenues continue to provide a third of the federal budget revenues. At the same time, the constant nominal depreciation of the ruble becomes a condition for the growth of these incomes in nominal terms, ensuring budget balancing with stable oil prices and projected restrictions on the growth of production and the volume of oil and gas exports. Potentially, this situation creates risks of increasing the tax burden in the next budget cycles.

As the main measure for revenue mobilization, the Ministry of Finance proposes to collect up to 50% of net profit on state-owned shares of companies and profits of FSUE. Without rejecting the very idea, we consider it necessary to think through a number of other issues. Companies with state participation have private owners who also claim for dividends. It is necessary to assess how the removal of half the profit in each case will affect the attractiveness of the company for investors (especially given the expected reduction in state participation) and, accordingly, its development. In addition, the prospect of withdrawing 50% of net profit can encourage companies to cut profits, inflating costs. Hence it follows, at least, that the state should create an effective system for controlling the dynamics and cost structure of state-owned companies.

The proposal of the Ministry of Finance to strengthen the fight against “gray wages” in order to increase the collection of taxes and contributions to off-budget funds from those working in the shade and partial shade certainly corresponds to the principle of fairness of taxation. However, it should be borne in mind that, given the expected stagnation in the economy in the coming years, this will greatly complicate the survival of people, especially in the outback. We understand that withdrawing wages from the shadow will not happen quickly, and therefore a serious program of withdrawal from the shadow is needed, containing conditions, incentives, control measures, stages, and not the hope to quickly and radically change the situation by the forces of the tax authorities and the police.

**Table 1**  
**Dynamics of expenditures of the federal budget, billion rubles.**  
**% to prev. year**

<i>Index</i>	2015	2016	2016/2015	2017	2017/2016	2018	2018/2017	2019	2019/2018
Total	15 620	16 403	105,0	16 160	98,5	15 951	98,7	15 962	100,1
National issues	1 118	1 098	98,2	1 170	106,6	1 126	96,2	1 115	99,0
National Defense *	3 181	3 889	122,2	2 840	73,0	2 728	96,1	2 816	103,2
National security and law enforcement	1 966	1 943	98,8	1 934	99,5	1 944	100,5	1 931	99,3
National economy	2 324	2 166	93,2	2 344	108,2	2 266	96,7	2 096	92,5
Housing and utilities	144	57	39,6	60	105,3	30	50,0	27	90,0
Protection of the environment	50	64	128,9	76	118,8	78	102,6	80	102,6
Education	611	558	91,4	568	101,8	589	103,7	586	99,5
Culture, Cinematography	90	92	102,3	93	101,1	89	95,7	80	89,9
Health care	516	466	90,3	381	81,8	398	104,5	364	91,5
Social politics	4265	4 631	108,6	5 057	109,2	4 970	98,3	5 076	102,1

*(Contd...)*



<i>Index</i>	2015	2016	2016/2015	2017	2017/2016	2018	2018/2017	2019	2019/2018
Physical Culture and sport	73	66	90,5	86	130,3	55	64,0	34	61,8
Mass media	82	76	92,6	70	92,1	68	97,1	67	98,5
Interbudgetary transfers of a general nature to the budgets of the budgetary system of the Russian Federation	682	657	96,3	750	114,2	742	98,9	773	104,2
Servicing of state and municipal debt	519	640	123,4	731	114,2	868	118,7	917	105,6

Source: [4].

### Expenditures of the Federal Budget and Budget System

The project of the CBA assumes a reduction in the volume of expenditures of the budgetary system in 2017 to 35.6% of GDP against 37.3% of GDP in 2016 (36.5% of GDP, without taking into account the realized guarantees of the federal budget on loans to the defense industry). The only section on which growth is expected in relation to GDP (from 13.4% to 13.5%) is Social Policy, expenditures on the remaining sections in% of GDP either decline or remain unchanged.

**Table 2**  
**Expenditures of the budgetary system by functional classification, % of GDP**

	2006	2007	2008	2009	2010	2011	2012	2013	2014	2015	2016	2017	2018	2019
Total	28,5	31,4	31,4	37,9	34,9	32,7	34,1	35,0	35,4	36,8	37,3	35,9	34,8	33,6
National issues	2,1	2,7	2,4	2,5	2,3	2,2	2,1	2,1	2,1	2,3	2,2	2,2	2,1	2,0
National Defense	2,3	2,3	2,3	2,8	2,5	2,5	2,7	2,9	3,2	3,9	4,7**	3,3	3,0	2,9
National security and law enforcement	2,4	2,4	2,4	2,9	2,6	2,5	2,8	3,0	2,8	2,6	2,5	2,4	2,2	2,1
National economy	3,2	4,3	5,0	6,6	4,6	4,6	4,8	4,5	5,8*	4,7	4,5	4,4	4,2	3,8
Housing and utilities	2,1	3,0	2,6	2,4	2,1	2,0	1,6	1,5	1,3	1,2	1,1	1,1	1,0	1,0
Protection of the environment	0,1	0,1	0,1	0,1	0,1	0,1	0,1	0,1	0,1	0,1	0,1	0,1	0,1	0,1
Education	3,5	3,7	3,7	4,2	3,7	3,7	3,8	4,0	3,9	3,8	3,7	3,6	3,6	3,5
Culture, Cinematography	0,5	0,5	0,6	0,6	0,6	0,5	0,5	0,5	0,5	0,5	0,5	0,5	0,5	0,5
Health care	3,1	3,6	3,2	3,6	3,2	3,2	3,4	3,2	3,2	3,5	3,2	3,2	3,2	3,1
Social politics	8,0	7,9	8,4	11,1	12,2	10,7	11,4	12,1	11,3	13,0	13,4	13,5	13,3	13,0
Physical Culture and sport	0,2	0,2	0,3	0,3	0,2	0,3	0,3	0,3	0,3	0,3	0,3	0,3	0,3	0,3
Mass media	0,2	0,1	0,1	0,2	0,1	0,2	0,2	0,2	0,2	0,2	0,1	0,1	0,1	0,1
Interbudgetary transfers of a general nature to the budgets of the budgetary system of the Russian Federation	0,7	0,5	0,4	0,6	0,5	0,5	0,6	0,6	0,7	0,8	1,0	1,0	1,1	1,1

Source: [4].

## Deficit

Starting in 2017, the Ministry of Finance plans to net borrowings in the domestic market in 2017-2019 to 1 trillion rubles. This is twice the amount of net borrowings planned for 2016 and significantly exceeds borrowings in the OFZ market over the past five years. In 2014, a sharp increase in domestic debt was due to the issue of OFZs to support the banking system (OFZs in the amount of 1 trillion rubles were transferred to the DIA). In 2016, for eight months in the OFZ market net, the attraction amounted to 226 billion rubles. We know that the increase in expenses for the “power block” in 2016 will be fully or partially financed by a special issue of OFZ.

This means that the Ministry of Finance does not plan to take all the 449 billion rubles from the market specified in [4]. This all the more casts doubt on plans to increase borrowing to 1 trillion in the next three years rubles. Such a strategy also has negative consequences. These include increasing the cost of borrowing, interest expenses, increasing the cost of borrowing in the corporate bond market. In all cases, this decision is associated with risks.

From the data [4] in the section financing the federal budget deficit it follows that the Ministry of Finance plans to become a net recipient of budgetary loans from regions in 2017. Such loans have been issued since 2008 and the actual balance of provision and repayment of these loans was negative for the Ministry of Finance from 2008 to 2016. It should be borne in mind that a significant portion of the recipients of budget loans are poor regions. It is unclear whether the aforementioned “maneuver” with subsidies will be sufficient to help them.

In order to conclude, the brief analysis of the investment and budget policy and the activity of the sovereign wealth funds shows the number of problems, which Russia must solve in 2018 in order to execute economic policy and economic growth of the country.

## References

- Сафрон Голиков Минфин потратил половину Резервного фонда за последний месяц года/Коммерсантъ, 10 января 2017
- Отчёт Минфина по вкладам резервного фонда РФ 08 Ноябрь 2017, <http://www.aspmidia24.ru/novosti/item/19889-otchet-minfina-po-vkladam-rezervnogo-fonda-rf>
- Основные направления бюджетной, налоговой и таможенно-тарифной политики на 2018 год и на плановый период 2019 и 2020 годов Проект Министерство финансов Российской Федерации Москва, 2017, Информация официального сайта Министерства финансов Российской Федерации: <https://www.minfin.ru/ru/performance/budget/policy/###ixzz4yOKItHXc>
- Протокол №11 очного заседания Общественного совета при Министерстве финансов Российской Федерации от 11.10.2016 “Основные направления бюджетной политики на 2017 год и на плановый период 2018 и 2019 годов”, Информация официального сайта Министерства финансов Российской Федерации: [http://minfin.ru/ru/document/?id\\_4=116363&area\\_id=4&page\\_id=2104&popup=Y#ixzz4yOLRmMCB](http://minfin.ru/ru/document/?id_4=116363&area_id=4&page_id=2104&popup=Y#ixzz4yOLRmMCB)
- Прогноз социально-экономического развития Российской Федерации на 2018 год и на плановый период 2019 и 2020 годов, <http://economy.gov.ru/wps/wcm/connect...e6c6...prognoz2018...>
- Eroshkin, S. Y., Kameneva, N. A., Kovkov, D. V. & Sukhorukov, A. I. (2017). “Conceptual system in the modern information management”. *Procedia Computer Science*, 103: 609-612, doi: 10.1016/j.procs.2017.01.079
- S.Yu. Eroshkin, N.D. Koryagin, D.V. Kovkov, D.V. Panov, A.I. Sukhorukov (2017). “The Paradigm of the Integration of Different Types of Management Information Systems in Investment and Construction Company Implementing the Project Approach”. *Procedia Computer Science*, 103: 605-608, doi: 10.1016/j.procs.2017.01.076