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ТЕНДЕНЦИИ В ОБЛАСТИ ФИНАНСОВОГО ПОТЕНЦИАЛА И ЭКОНОМИЧЕСКОГО РАЗВИТИЯ ЧУВАШСКОЙ РЕСПУБЛИКИ РОССИЙСКОЙ ФЕДЕРАЦИИ

Аннотация: статья посвящена рассмотрению тенденции в области экономического потенциала и развития Чувашской Республики. Для анализа экономических показателей были рассмотрены такие важные экономические показатели Чувашской Республики, как валовый региональный продукт (ВРП), трудоустройство, экспорт, импорт, деятельность кредитных кооперативов, а также доход на душу населения. В работе показано влияние любого увеличения дохода на душу населения на социо-экономическое состояние. В данной работе предложены соответствующие и надлежащие меры по улучшению эффективности и результативности в создании политики и использовании финансовых ресурсов в Чувашской Республике на основе анализа. Для экономического анализа были использованы только вторичные источники информации.

Ключевые слова: финансовый потенциал региона, валовый региональный продукт, анализ экономических показателей, оценка финансовых возможностей, бюджетные поступления, расходы, доход на душу населения.

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FINANCIAL POTENTIAL AND ECONOMIC DEVELOPMENT TREND OF CHUVASH REPUBLIC, RUSSIAN FEDERATION

Abstract: this article discusses the economic potential and development trend of Chuvash Republic. All important economic indicators of Chuvash Republic like, Gross Regional Production (GRP), employment, export, import, performance of credit organization, per capita income have been taken into consideration to analyze

economic performance. This paper also shows how any increase in per capita income affects socio-economic condition. Finally, this paper proposes adequate and proper measures to improve the efficiency and effectiveness in policy formation and use of financial resources in Chuvash Republic on the basis of analysis. Only secondary source of data has been used for analysis.

Keywords: *financial potential of the region, Gross Regional Production, analysis of economic performance indicator, financial capacity assessment, budget revenue, expenditure, per capita income.*

In modern economic system, every economic subject of any country plays an important role for the entire economy of the specific country. Country like Russia, where different budgets are made for federal and state government, there economic condition of every single state is important for the entire economic condition of the country. In this regard, economic success of the country greatly depends on the formation and the use of financial resources of the region with the height social and economic returns.

Chuvash Republic is a federal subject of Russia. It is the homeland of the Chuvash people. Its capital is the city of Cheboksary. As of the 2010 census, its population was 1,251,619. The Chuvash Republic is the most populous and fertile area in middle Volga region. Unlike some other regions, there is no oil and gas reserve in Chuvash republic, that's why the economy of Chuvash republic depends on agriculture, service and engineering industries. The Chuvash republic is Russia's center for hops growing and is famous through out the country for its long history of beer brewing. This republic also plays vital role in electrical engineering sector, especially in the area of power transmission and control system.

From the quantitative and qualitative characteristics, financial capacity depends on the process of expanded reproduction, the level of performance of the real sector of the economy, the possibility of improving the region's competitiveness in domestic and foreign markets, the condition of financial and credit system, the standard of living of the population, the ability of the subject to generate financial resources in the required

quantities to solve socio-economic problems. The Need of the financial potential expertise is predetermined by its priority role in the period of forming strategy of stable regional development.

The main components of the financial potential of the Chuvash republic are presented in table 1, 2, 3 and graph 1.

General indicator of financial potential of a region is the gross regional product. The dynamics and performance of an economic entity can be judged by the growth of gross regional product. The authority, who is officially responsible for the publication of statistical data regarding economic factors of Chuvash republic, has published data till to 2014 only. So data for 2015 and 2016 do not exist in the table. Gross regional production had been showing consistent increasing trend from 2011 till to 2014. Compared with 2011, GRP was increased by 25% in 2014. For the stated 4 year period, GRP didn't face any significant drop. The positive growth of GRP over the period of last couple of years shows the effectiveness and efficiency of fiscal policy, business expansion atmosphere and growth of personal income.

The regional labor market had been enjoyed steady and positive increase. The growing number of employment opportunities and decreased unemployment rate represent the efficiency and effectiveness of the use of labor resources. In 2015 labor market created 7 thousands new jobs compared to 2011 but for the last 5 year period, employment opportunities were decreased twice in 2012 and 2014 by 9 and 3 thousands jobs respectively.

Table 1

The performance of the basic economic indicators of Chuvash republic

Indicator	2011	2012	2013	2014	2015	Growth rate in% (Base year,2011)
Gross Regional Product (Million Rub)	1,88,786	2,17,034	2,23,148	2,35,089		125
Investment in fixed capital (Million Rub)	55925	65255	59139	53457	54620	98
Export (Million USD)	1932	1606	2158	1879	1627	84
Import (Million USD)	441	405	89	59	163	37
Foreign trade turnover (Million USD)	694	567	556	465	365	53

Budget revenue (Million Rub)	40206	45886	51006	56720	58229	145
Budget Expenditure (Million Rub)	39939	47948	52382	53357	55112	138
Workforce (thousand people)	664	655	671	668	671	101

Source: www.chuvsh.gsk.ru

Size of the economy can be judged by the size of budget representation. Governing body uses budget as an instrument or tool to implement its economic policy. In other words it can be said that economic success greatly depends on the efficiency of budgeting success. In general, budget of an entity shows its income and expenditure areas. Surplus budget (more income than expenditure) allows government to enjoy economic leverage. Increasing trend of budget revenue is always counted as a positive indicator of the economy. Above stated data regarding budget revenue and expenditure shows increasing trend. In 2015 budgeted revenue and expenditure represented 45% and 38% increase respectively without any drop from 2011 to 2015. Although from 2014 Russian Federation is going through economic crisis due to low oil price and massive devaluation of ruble. Regardless of this problem, Chuvash Republic enjoying positive trend in budget revenue.

Data on investment in fixed capital indicates the accumulated total from the beginning of the year. These figures for the study period had multidirectional dynamics: the growth in 2012 was 16.7% and a year later in 2013 growth was 9.4% compared to 2011. But in 2014 and 2015 trend was declined by 10.6% and 7.6% respectively, compared with 2013. The sharp decline in investment activities could have a negative impact on the growth of financial potential of the region, in future. In this case the majority of the investment came as a government funding.

The capacity of banking sector always accelerates economic potential in any region to boom. Bank or credit providing organization plays vital role and these organizations are always treated as one of the most important factors of sustainable development of any region. This is because, bank performs intermediary functions, accumulate and place funds of individuals and legal entities what affect the interest of

the whole society. In this regard, the financial condition of a region can be assessed by number of organization that provides credit, total profit of the organization and total profit allocation.

Table 2

Dynamics of the credit organization in Chuvash Republic (million rubles)

Indicator	2011	2012	2013	2014	2015	% of Growth over 2011 in 2015
Number of credit organization	23	22	20	12	10	43
Total profit	337	615	78	321	243	72
Profit allocation	95.9	159	185	114	52.6	55
Deposit collected credit organization	57476	67646	77156	87272	86073	150
Credit provided by credit organization	60966	76604	77549	89152	21186	35

Source: Bank of Russia

In 2011, total number of credit organizations active in Chuvash Republic were 23 but in 2015 total number reached at 10. Over this five year period, credit organizations faced sharp decrease year by year. On the contrary, within the given period, deposit collection by credit organizations increased sharply. In 2011, total deposits collected by the Credit Companies were 57476 where in 2015 collection reached the figure of 86073 with 50% increase. Furthermore, Credit allocation experienced dramatic fall in 2015 by 35% compared with 2011 and by 76% compared with 2014. Total profit of credit organizations was also decreased by 28% in 2015.

Table 3

Production of goods and services by different economic entities (million rubles)

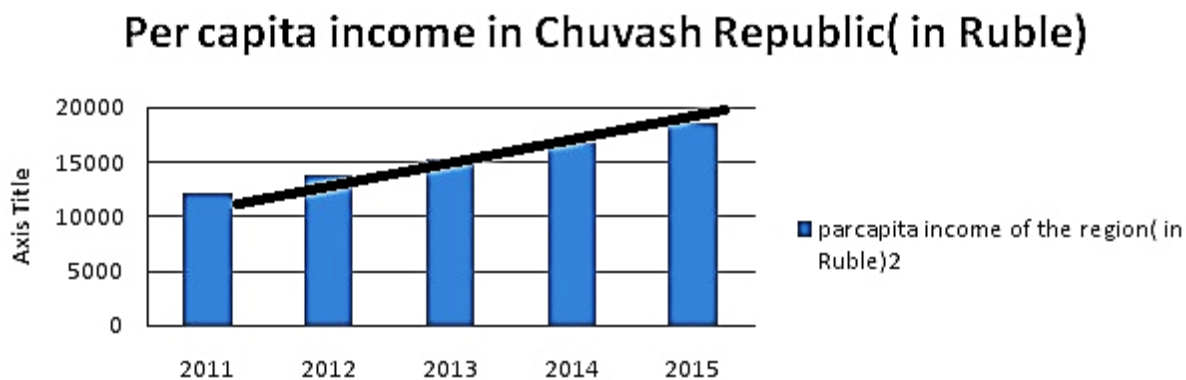
Particulars	2011	2012	2013	2014	% of Growth over 2011 in 2014
Agriculture, hunting and forestry economy	33925	35552	33700	40490	119
Fishing, fish farming	57	59	78	68	119
Mining	479	713	848	1579	330

Manufacturing	128582	145186	144382	147528	115
Distribution of electricity, gas and water	25852	28689	26022	26490	102
Construction	34859	42197	43840	40836	117
Wholesale and retail trade	38612	44165	47111	51130	132
Hotels and restaurants	5557	6053	6669	7333	131
Transport and communications	31239	29012	29812	30152	96
Financial activities	1203	1487	1768	1844	153
Real estate operations, renting and business activities	27552	32118	36576	37481	136
Governance and compulsory social security	15561	21479	26078	29242	187
Education	10562	11410	12562	13447	127
Healthcare and social services	15319	16671	18723	20704	135
Other community, social and personal services	3997	4750	5455	5748	143

For the period of 4 year from 2011 to 2015, in all sectors of production and service, positive growth was achieved where the only exception was transport and communication sector. This sector had been showing steady increase till to 2014 after a slight fall in 2012 but still compared with 2011, it was decreased by 4%. Performance of education and health care services had been excellent over the last four years period. Education and health care service were increased by 27% and 35% at the end of the period. Furthermore, Government and compulsory social security system sector performed outstandingly. By the end of 2014, this sector contributed its 87% growth to the regional economy. But, Mining sector had been most surprising over the last couple of years. Within this 4 year period, growth of mining sector jumped twice. In 2012, growth was increased by 48% over 2011 but big jump came later in 2014 when growth was increased by 86% over 2013. At the end of the period this sector rose with 230% growth. Nevertheless, all other sectors like, agriculture, fishing, construction, financial activities also achieved significant growth.

Economy has the direct impact on human life. Good economic condition gives people the ability to spend more money for their needs, where unfavorable economic condition force people to take austerity measures. Impact of economic development over society can be judged easily by analyzing per capita income. Per capita income or

average income measures the average income earned by per person in a given area (city, region, country, etc.) in a specified year. It is calculated by dividing the area's total income by its total population. Per capita income is often used to measure a country's standard of living. After analyzing the data regarding per capita income in Chuvash republic, we have got a clear view of socio economic condition.



Picture 1. Monthly per capita income in Chuvash Republic (in Ruble)

Data analysis of per capita income indicates positive change of the socio-economic condition in Chuvash republic. Despite of economic crisis in Russia, what started from early 2014, people of this region are earning more money than previous year. Per capita income had been showing sharp growth in every year with consistency since 2011. In 2011 every person of this republic used to earn 12083 ruble but in 2015 same person is earning 18508 ruble per month, in percentage this increase can be counted as 53%. This incredible increase of income obviously facilitates other economic sectors to perform well.

Above stated analysis indicates the necessity of taking a development strategy for the sustainable socio-economic development of the region. To overcome the existing problems and obstacles following suggestions can be implemented:

1. An adequate assessment of the financial potential of the region, highlighting its main elements, factors that influence it, as well as risks and threats.
2. To develop the concept of financial development of the region and give importance to every emerging sector to be developed.
3. To prepare long term development plan, set aim and objective for potential sectors.

4. The formation of the responsibility and interest elements of the financial potential of the region in improving the efficiency of financial resources management.

5. Maintaining positive growth in the standard of living and create tools that increase savings in bank account.

6. To find and differentiate economically more challenging sector and ensure the opportunity of growth.

7. To create more investment opportunities so that credit organization can utilize their money.

8. To increase the capacity of the banking sector, in particular by increasing the number of regional financial and credit institutions.

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