

INVESTMENT RESOURCES IN FORECASTING THE ECONOMIC DEVELOPMENT OF A PROVINCE

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Abstract

Each province's ambition to take a leading place as a territory attractive for investors today makes one consider forecasting its economic development. The resource potential is one of the key characteristics of a region's economic development, evaluating it is important for directing the flow of investments into the regional economy.

In order to assess the investment environment and climate of a province, identify its strengths and weaknesses, such factors as the level of infrastructure development in the territory, intellectual and innovation potential of the population, natural features of the area were taken into account. Today's approach to forecasting a province's economic development in the situation of strengthening globalization is the subject of analysis in this article.

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Keywords: province, budget, investment, investment attractiveness, forecast of economic development of province.

1. INTRODUCTION

The Decree of the Russian Government "On Approval of the Strategy of the Social and Economic Development of the Volga Federal District until 2020" names, as the strategic goal of the development, steady improvement of the quality of life by increasing the productivity and building a competitive economy in

the federal district on the basis of the balanced mutually beneficial partnership of the civil society, business and authorities. The main focus, in order to achieve the above goals, has to be on creating and developing the investment base, improving the quality of investments, i.e. expanding the share of direct foreign investments and increasing the amount of investment per capita. Research into the analysis of investment resources has always been the focus of economic science, therefore, now the development of the Russian Federation as a whole depends on how well the investment procedure is developed in the constituents of the Russian Federation.

2. REVIEW OF LITERATURE

Modeling the investment process as a social and economic system naturally rests on quite a vast and well-developed framework of economic and mathematical methods and models. Especially important for the purposes of research are the works in statistical modeling and forecasting of economic processes and mathematical simulation of the investment dynamics. A significant contribution to studying the influence of certain factors on the investment attractiveness of a province using the econometric modeling was made by the team of the Institute of Economics of the RAS (Ya. V. Sergienko 2016, A. A. Frenkel 2015). A number of the works by V. S. Levin 2007 were devoted to the study of temporal series of investments in the stock capital of economy on the basis of econometric methods. Research developing the general provisions of the economic theory are of great importance for the theory and practice of investment activities, namely, research into the economic equilibrium and economic growth. This is my include fundamental works by outstanding foreign economists – L. Walras 1870, J. M. Keynes 1936. Assessment of the investment attractiveness of the areas included in the Volga Federal District is provided in the work by A. V. Mikhailova, T. B. Bakhtina 2016. Despite the availability of very deep and conscientious scientific papers on the theory and practice of the investment process, it should be noted that no-one has yet developed a single concept of the economic and mathematical analysis and forecasting of its development which would make it possible to make effective management decision on a province level.

3. METHODS AND MATERIALS

The objective of this research is to study the approaches to evaluating the influence of investment resources on the real sector of economy for the purposes of analysis and forecasting the development of the area.

Research methods:

- Analysis of and summarizing the existing methods of evaluating the influence of investment resources on the basis of the works of Russian and foreign authors;
- Empirical: collection, analysis and primary processing of the required statistical data; correlation analysis, analysis and forecasting of data.

4. RESULTS

The economic situation in the federal district is mainly influenced by the improvement of the quality of regional growth dominated by innovative production facilities and the activities aimed at developing the human capital. The structure of the data examined includes observation of economic parameters over a certain period of time. For the purposes of our research, the data of the Federal State Statistics Service for 2016 were used which described the gross regional product (in the current basic prices), RUB million. In order to carry out the analysis of data and numerical computations, software working under Windows operating systems was used.

One of the major competitive advantages of the Mari El Republic is human capital. However, according to the Federal State Statistics Service, unemployment is growing in the area, this is characterized by the weakening of the roubles and reduction of the number of employees and the volume of production. Also, the amount is growing of salaries which are not paid or paid with a delay.

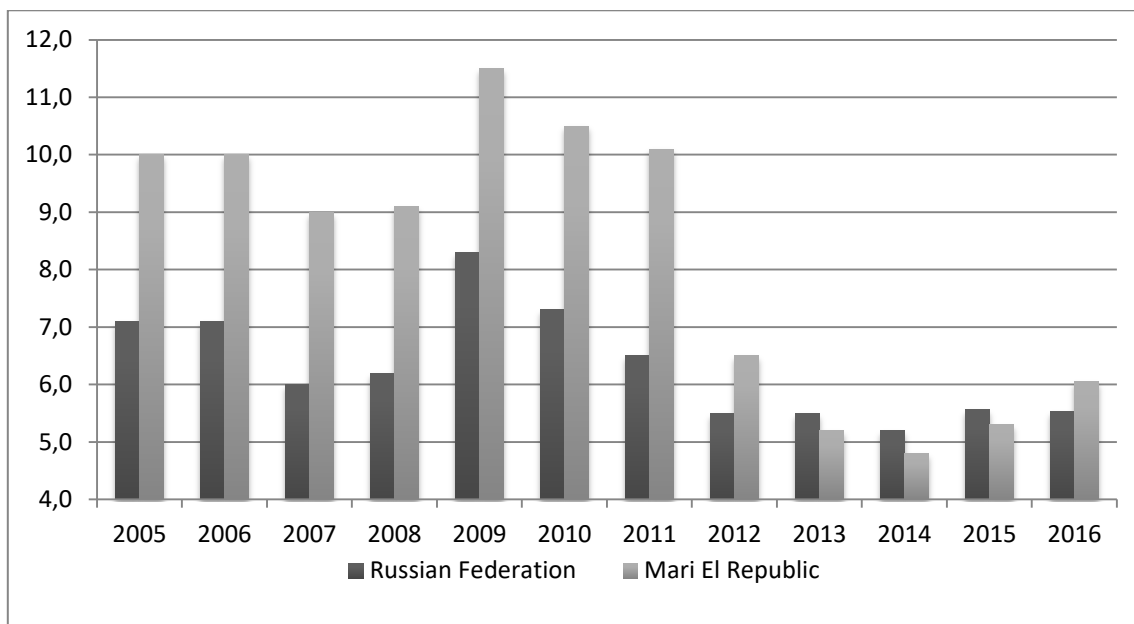


Fig. 1 Average unemployment level in 2005-2015, %.

The gross regional product (in current basic prices in the Mari El Republic) in 2015 was RUB 165,531.0 million, 103.2% compared to previous year. The dynamics are shown in Figure 2.

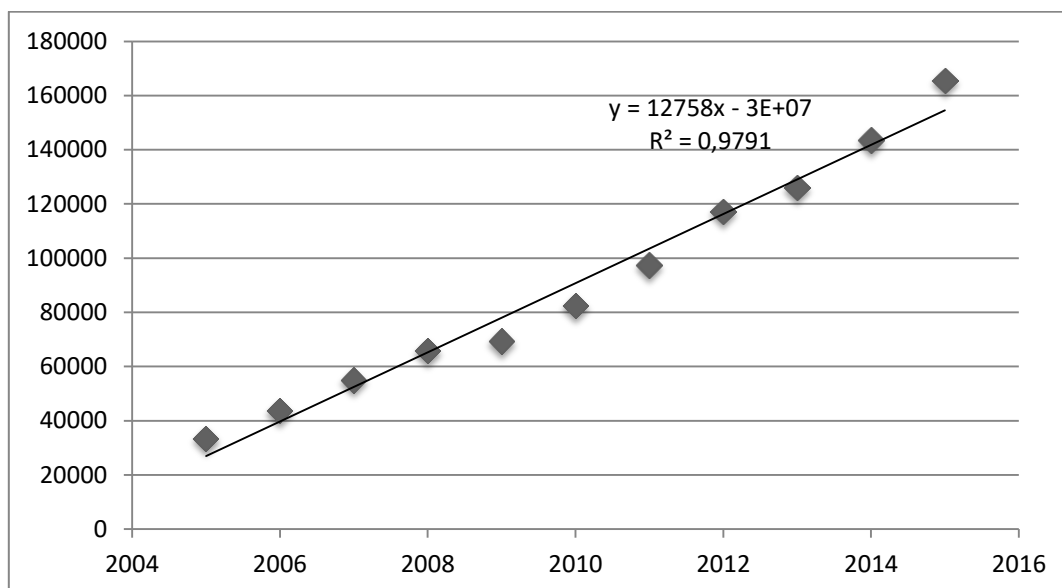


Fig. 2 Volume and dynamics of the gross regional product in 2005-2015 (RUB million)

The diagram clearly shows that in 2005-2015 the parameter has a positive dynamic, it is growing according to the formula $y=12758x-3E+0.7$, the approximation coefficient is $R^2=0.9791$, which is viewed positively, as the value is close to 1, the calculation is deemed accurate. The trend line demonstrates a clear tendency for growth of future figures. To calculate future figures, we use the FORECAST function, the results are shown in Figure 3.

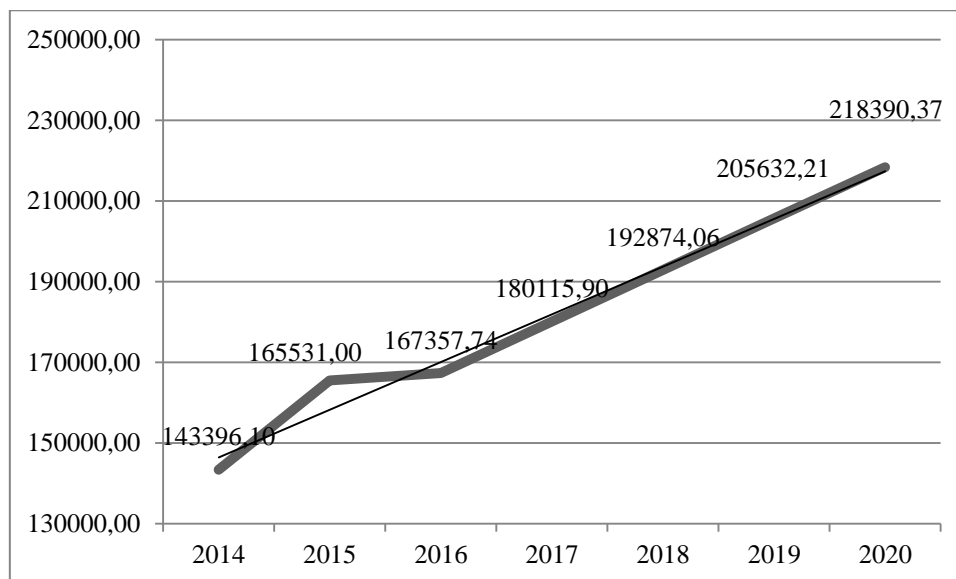


Fig. 3 Forecast of the gross regional product for 2016-2020 (RUB million)

The forecast figures will grow, and the economic situation restore, if the mechanism of granting special tax treatment for enterprises creating jobs becomes the region's strength.

Pursuant to Law No. 23-Z of the Mari El Republic dated 17.06.2015 "On Amendments to the Law of the Mari El Republic "On Regulation of Relationships Related to Taxes and Charges", the region introduced tax holidays. On 25 April 2016, the 15th session of the State Assembly of the Mari El Republic adopted the draft law of the Mari El Republic "On Amendments to Law No. 18-Z of the Mari El Republic "On Regulation of Relationships Related to Taxes and Charges in the Mari El Republic". Pursuant to the above law, the entities registered in the Mari El Republic after 1 January 2009 and implementing investment projects in the Mari El Republic raising investments over RUB 100 million are exempt from property tax for three tax periods. Also, pursuant to the above law, for agricultural producers implementing investment projects in the Mari El Republic, starting from 1 January 2014, for over RUB 5 billion, the rate of the corporate property tax is 0.5% of the tax base, calculated pursuant to the tax law of the Russian Federation, for three tax periods. In order to improve the quality of the services based on the "one stop" principle, the Mari El Republic creates a network of multifunctional centers (MFC) for providing public and municipal services on the basis of the Russian Post. The Mari El Republic has implemented a number of steps to procure putting into operation in 2014-2015 16 MFCs and 71 MFC branches in each urban district and municipal district. The total number of points of service at the MFCs in the Mari El Republic is 182, which covers amount 93% of applicants. The reduction in the value of investment projects will contribute to the investment projects becoming more active and will serve to stimulate implementation in the Mari El Republic of new investment projects, including those carried out by agricultural entities in the area.

5. DISCUSSION

To procure attractiveness of the area for investors and to inform investors about the promising directions of investment cooperation in the Mari El Republic, the province's investment passport is prepared annually and includes brief information about the republic and investment proposals of the entities interested in raising investment to develop their business.

This province has to pay special attention to the objectives set in the Decree of the Russian Government "On Approval of the Strategy of the Social and Economic Development of the Volga Federal District until 2020". Implementation of all the directions will contribute to the intensive social and economic development and raise the attractiveness of the Volga Federal District for investors. Achievement of the priority objectives will create favorable conditions for investments in the federal constituents by creating modern investment infrastructure and promoting the attractive image of the district in Russia and abroad.

6. CONCLUSION

In conclusion, it should be noted that in the nearest future, achievement of further positive dynamics in the growth of investment in the core capital and development of the republic is associated with implementing new projects, developing cooperation connections with other areas of Russia and foreign countries and

companies. Any significant improvement of the business climate is only possible if all the governmental authorities, business and civil society work together.

7. ACKNOWLEDGMENTS

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