Social and economic development of Irkutsk region

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Abstract. In Irkutsk region, the issue of industrial development is crucial. By the nature of tasks to be solved, the scope of works and scale of production, problems of the industrial development of Irkutsk region which has abundant natural resources, are much wider than problems that have been solved and are being solved in other Russian regions. Successful development of Irkutsk region is impossible without implementation of important elements of an innovative model of sustainable development, managerial decisions aimed to achieve goals and optimize tasks in transport, tourism, production, agricultural industries. Key development indicators are solutions in production, taxation and employment areas. The priority direction of the regional economy is development of internal and external markets.

1 Introduction

The article is devoted to the socio-economic development of Irkutsk region. The object of the analysis is modernization which serves as a mechanism for transition from traditional society to modern one. The theoretical and methodological basis for studying the modernization process is the methodology developed by the regions, and more specifically, by the municipalities. It is a series of measures aimed at the primary and secondary modernization of cities in the region of catch-up development. The article identifies advantages and
disadvantages of the socio-economic development of cities in Irkutsk regions whose economic indicators lag behind the average Russian ones.

Irkutsk region is one of the most economically developed regions in the east of the Russian Federation. The territory is rich in mineral resources (gold, coal, iron ore, gas, oil, etc.). The aluminum industry of Irkutsk region is of great importance. The forest and woodworking industry, pulp and paper production are developing. Irkutsk region is a monopolist producing calcium carbide, sulphate pulp, and polyvinyl chloride resin.

The forest industry produces timber (sawn timber, fiberboard, chipboard, plywood). The pulp and paper and electric power industries are also well developed in Irkutsk region. The largest Russian hydroelectric power plants – Bratskaya and Ust-Ilimskaya (Angara River) – are located in the region.

Other industries in the region are as follows: machine-building, petrochemistry, mining, fuel, and food industries. An important factor of industrial development is rich mineral resources.

The agricultural sector accounts for about 8% of the gross regional product. Irkutsk has the most developed agricultural sector in the Far East and Baikal regions. The population of the region is 2,394,100.

2 Materials and Methods
For successful socio-economic development, it is necessary to use competitive advantages of the local economy, natural resources and transport potential, increase the export of competitive products, modernize the transport infrastructure, increase production to meet domestic demand and substitute imported products. Irkutsk region is developing in accordance with the strategy which was developed half a century ago. It is effective at relatively low costs of electricity and heat, when there are developed transport lines and industrial products are mainly sold in the domestic market. In the new socio-economic conditions, the old strategy is not efficient. High-tech industries work for the end user and use achievements of science. The article discusses directions of a new regional development strategy which involves transition from the export-raw material model to the innovation one. The residents are not interested to solve local problems. This is one of the problems.

The main task of public administration is increasing the efficiency of public finance management. The key documents in this area are regional budget laws. A budget is a revenue and expenditure plan. If revenues exceed expenditures, the budget is surplus. On the contrary, the budget is deficit.

Budget revenues
Budget revenues can be divided into:
- Tax revenues
- Non-tax revenues (revenues from the use and sale of property objects, payments for the use of natural resources, fines and other revenues).

The structure of the regional budget revenues
The main types of revenues to the budget of Irkutsk region are as follows:
- Corporate income tax;
- Personal income tax;
- Corporate property tax;

Budget expenditures
The budget of Irkutsk region is formed according to the program principle; about 99% of the expenditures fall on implementation of regional programs.

The budget of Irkutsk region has a social focus – more than 70% of the budget expenditures fall on implementation of social programs.

The program budget has become a mechanism for establishing the relationship between strategic development goals and budget planning objectives.

Sources used for financing the budget deficit
The public debt of the Russian regions is an aggregate of their debt obligations.

Debt obligations of the regions are as follows:
1) government securities;
2) budget loans of other budgets of the budget system of the Russian Federation;
3) loans of credit organizations, foreign banks and international financial organizations;
4) state guarantees.

Fraud, misappropriation or embezzlement of public funds and acts (theft), as well as tax crimes, in particular, unlawful VAT refunds and tax evasion by legal entities.

Corruption offenses committed by both government officials and employees of commercial and other organizations, including state corporations, entrepreneurs (abuse of authority, bribery, mediation in bribery, etc.). [1] [2] [3]

3 Results
The effective development of the Russian regions depends on external and internal factors: geographical and geopolitical location, socio-economic trends, external and internal trade, infrastructure, climatic conditions, agricultural
activities, and natural resources. Each region develops specific tasks and measures for justifying economic possibilities, improving competitiveness and attracting investments. The weaknesses in the regional development are as follows: incomes of the population and tourist resources.

To achieve effective results, it is necessary

- to identify main types of economic activities of the Russian regions (natural resources and labor potential, industrial and agricultural orientation, internal and external demand); to study features, causes and consequences of regional disproportions (nature, determinants of regional inequality, types of regions);
- to assess the investment climate for further development of the regional economy (parameters for evaluating investment attractiveness and investment risks, differences in the investment rating of Russian regions and their main types by investment rating, investment trends and their causes);
- to analyze features of investment activities and business development (differences in investment in fixed assets and foreign investment, sectoral priorities and strategies for the development of large businesses, sectoral problems of small businesses, features of joint ventures);
- to study the nature and tools of regional development management (traditional measures of state regulation (federal programs and special economic zones)), public investment activities and public-private partnerships, economic development management trends in the regions of foreign countries;
- to identify conditions for development and economic factors, types of sectoral and agricultural specialization of the regional economies, export-oriented regions, the dynamics and causes of regional disproportions by the level of socio-economic development, problem regions;
- to identify parameters of the investment rating, recent changes in parameters, industry peculiarities and investing problems, causes of disproportions in the regional development of large and small businesses and joint ventures;
- to identify features of regional development management, the basis for state regional economic policies and the mechanism for their implementation;
- to conduct a comparative analysis of regional economic development of the Russian Federation using various data;
- to analyze characteristics and dynamics of imbalance of business activities;
- to assess investment ratings of the Russian regions as a basis for further development of their economies;
- to determine fiscal resources of the regional economy;
- to evaluate decision-making mechanisms used for regulating regional development in Russia and other countries;
- to improve these mechanisms;
to use statistics and online data for summarizing and assessing Russian and foreign studies on economic management and development of the Russian regions;

to search for organizational and managerial decisions and justify the use of foreign experience;

to present research results and participate in discussions;

to assess the socio-economic situation in the Russian regions;

to develop data analysis methods for identifying regional differences in socio-economic development;

to develop approaches and mechanisms for managing regional development;

to develop methods for analyzing investment activities, methods for improving the investment climate and competitiveness of the regions and attracting investments, methods for managing regional development through public-private partnerships, clusters and special economic zones.

4 Discussion

For more dynamic development of the tourism industry, especially at its development stage and during crises, the government support is needed. The development of the tourism industry is a strategic direction of regional development. Its development should account for the “Baikal factor”. The development of the tourism industry implies development of the agrarian industry, since the growth of tourist flows will increase the demand for food products. The development of agricultural production will have a positive effect on further development. There are potential sales markets – neighboring regions, Mongolia and China. However, the efficiency depends on the efforts and activities of the regional government.

The government should develop and implement efficient economic measures rather than control and regulate activities of companies. The government has to take measures to improve the regulatory framework, promote the national tourism product to foreign markets, eliminate administrative and bureaucratic barriers that hinder the development of tourism and impede the flow of foreign tourists into the country. The law enforcement system has to protect the economy from criminals, detect and prevent bribery and corruption-related crimes. The Russian exports policy is focused on raw materials. The share of machines and equipment does not exceed 1–2% of the total volume. The total share of exported machine-building products is 8–9%. This is below the world level (38%). All over the world, over the last 40 years, there has been a steady
decrease in the turnover of raw materials and an increase in the turnover of engineering products.

In Irkutsk region, the share of machine building products in regional exports is 12–18% (higher than the Russian average). It is very important to maintain this high rate. After all, machine building is a basis for modernization of other industries and production of high-tech products. If Russia does not export goods and services with a high share of added value, it will be de-emphasized in the world economy.

Irkutsk region has an economic and geographical basis and historical background to be a leader among the subjects of the Baikal region. In this regard, interaction with the Republic of Buryatia, Zabaikalsky Krai and Mongolia is required.

The factor constraining competitive advantages is the environmental vulnerability of environmental components. This factor increases production costs, since reduction of damage to the environment requires additional funds which increases the price of products and reduces competitiveness of businesses. The following measures can improve competitiveness of Irkutsk region: 1. Strengthening the economic position in the territorial division of labor and inter-district integration. 2. Strengthening the foreign economic potential and expanding the market segment. 3. Restructuring the economy and increasing the share of competitive products in total production.

5 Conclusion

The main cause of economic inequality of the regions is concentration of economic activities in the areas that have competitive advantages due to the availability of natural resources, favorable geographic location, agglomeration effects, human capital, institutional environment.

The search for optimal proportions of regional development is a challenging task which depends on the specific conditions of development.

The implementation of the territorial development strategy involving main approaches to improving the population distribution system and priorities for the distribution of productive forces is an important aspect of the state regional development policy. The forms of regional development ensuring the integrated nature of the territorial development are special economic zones, priority development territories, regional development zones, territorial clusters, and urban agglomerations. It is necessary to optimize and justify promising approaches to the administrative-territorial division, as well as to develop territorial state programs taking into account priority development areas.
Economic priorities and local competitive advantages should be a basis for these policies.

At the same time, socio-economic development strategies implemented in all federal districts should be coordinated. Activities of regional bodies implementing measures to support international economic activities, creating favorable investment climatic conditions and attracting foreign investments should be coordinated as well.

At the regional level, it is necessary to consolidate resources and develop mechanisms by diversifying the structure of the economy and employment in regions and cities, develop import-substituting and export-oriented industries, create balanced export support systems and attract investments.

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