Technologies of adaptation of rural economy in the conditions of integration with cities

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Abstract. The paper considers the peculiarities of the functioning of agricultural enterprises and the agricultural sector in the sphere of finance turnover. The main mechanisms leading to the formation of prices of agricultural products, as well as leading to an increase or decrease in its value, are considered. Extreme points are also indicated, the achievement of which leads to an excessive rise or fall in prices for manufactured goods.

1. Introduction

The theory of money in high-tech industries shows the amount of cash needed for the country's economy.

Theory by K. Marx: “The sum of prices of goods, works or services sold, minus the sum of prices of goods, works or services sold with instalment payment, the payment period of which has not yet arrived, plus the sum of the prices of goods sold, paid from previous periods, minus mutual repayments”.

Currently, under the conditions of gold demonetization, the theory has undergone changes. It is no longer possible to estimate the amount of money in terms of their approximate calculation through gold since it is out of circulation and not perform the function of money.

The main condition for economic stability is the correspondence of demands of the national economy in money and their relevant flow into cash turnover [26].

The amount of money in circulation is called money supply. Its value is currently determined by the formula:

\[ Q_m = \frac{S_p + P}{V} + S_e + MR_b \]

where
- \( Q_m \) is the quantity of money in circulation;
- \( S_p \) is the sum of prices of goods;
- \( P \) is obligatory and expected payments of the population;
- \( S_e \) is estimated population’s savings;
- \( MR_b \) is the rest of the money in cash offices of banks and enterprises;
- \( V \) is the velocity of money.

Thus, the amount of money in circulation must be at such a level that it would be possible to purchase all the goods and services to be sold at certain prices.
2. Theory
Money supply as a combination of non-cash and cash, consumer and payment instruments is intended to ensure circulation of goods and services in the national economy.

Its structure distinguishes active money, actually serving economic circulation, and conditionally passive money, which can potentially serve as settlement funds.

The change in money supply depends not only on increasing the amount of money circulation but also on increasing their velocity.

The velocity of money is the speed of their turnover in servicing deals.

To analyse the degree of economic cash endowments, we also use the monetization coefficient as an indicator. It is calculated as the ratio of the annual average of money supply to the nominal GDP. This coefficient is the reciprocal of money velocity.

The volume of money supply in the country largely depends on the general level of consumption of goods and services by the population.

The balance of monetary incomes and expenditures of the population measures movement of that part of the Russian Federation’s GDP that is available to the population in the form of monetary incomes (Table 1.1) and is used to purchase goods and services, voluntary and compulsory payments and contributions, and also takes into account all monetary funds on all types of savings.

Table 1. Balance of cash income and expenditure of the Russian Federation population

| INCOME                                      | EXPENDITURE                                      |
|---------------------------------------------|--------------------------------------------------|
| 1. WAGE FUND                                | 1. Purchase of goods and services                |
| 2. Social transfers, including pensions,   | 2. Mandatory payments and voluntary contributions|
| allowances, scholarships                    |                                                  |
| 3. Population income from property,         | 3. The increase on deposits in banks,            |
| business activities,                         | the purchase of the real estate,                 |
| credit and financial transactions           | currency, bonds, government loans, etc.          |
| Total income                                | Total expenditure                                |
| Rest                                        | Rest                                             |
| Balance                                     | Balance                                          |

The term "inflation" literally means "bloating." Modern inflation has a number of distinctive features:
1) if before inflation was localized, now it is ubiquitous and inclusive;
2) if earlier it played a periodic role, now it is chronic;
3) it is influenced by both monetary and non-monetary factors.

There are two types of inflation:
- demand-pull inflation;
- cost-push inflation.

The first is characterized by the excess of money in circulation relating to the volume of goods and services, which leads to prices increasing. The second one means prices increase, which is caused by an increase in production costs. The reason for their growth may be an increase in prices for raw materials, wage increases under the pressure of trade union forces, government policy, etc.

There are:
1) the expected inflation caused by the politics and economy of instability, the loss of public confidence in the government, as a result, the purchase of goods begins in advance, which significantly increases demand for them and introduces an imbalance between goods and money supply;
2) open inflation, manifested in the conditions when prices are not regulated from above but influenced by market factors; the price regulator is the balance of supply and demand in the main markets; this inflation is characterized by a constant rising of prices;
3) suppressed inflation, arising from the control of prices and incomes; it manifests not in the rising of prices, but in the increasing of commodity shortage; it's hard to "heal." Thus, inflation is currency...
depreciation which is manifested in recent years in two main forms: the rise in prices for goods and services, the fall in the exchange rate of the monetary unit.

In international practice, depending on the level of rise in prices for goods, inflation is generally divided into three main types: creeping, galloping, hyperinflation.

With creeping inflation, the average annual price increase does not exceed 3-5%.

It is not accompanied by crisis shocks and has become commonplace in a market economy.

Galloping inflation, unlike creeping, becomes almost ungovernable. The average annual price increase of 10-50% and above.

The most dangerous and destructive is hyperinflation. The average annual price increase exceeds 100%. And sometimes expressed in four-digit numbers. Its danger is that it becomes uncontrollable. It can occur as a result of protracted wars and serious socio-political upheavals. To determine the level of inflation, we use the price index indicator.

The consumer price index measures the cost “basket” of fixed consumer goods, which in different countries may differ from each other. This index is determined by the formula:

\[ ICP = \frac{\text{cost of the consumer basket in the base period}}{\text{Cost of the consumer basket in the reporting period}} \]

The inflation rate is calculated by the formula:

\[ P = \frac{(Qc - Qp)}{Qp} \times 100\% \]

where \( P \) — inflation rate;
\( Qp \) — customer-related price index of the previous period;
\( Qc \) — customer-related price index of the current year.

The most important forms of stabilizing monetary circulation are anti-inflationary policies and particular monetary reform. In each country, anti-inflationary policies are necessarily carried out using direct and indirect methods.

Direct methods include, firstly, direct state regulation of financial processes and the impact on the amount of money supply, secondly, state regulation of prices for goods and services, thirdly, joint regulation of wages with trade unions, fourthly, state influence on processes of foreign economic relations that affect foreign trade, import and export of capital, the impact on the exchange rate of the national currency.

Indirect methods are related to the regulation of money supply based on activities of the country's central and commercial banks: regulation of the Central Bank of the discount rate of Commercial Banks, the impact on the refinancing processes of the latter, the definition of the Central Bank of the required reserves of the Commercial Bank, the Central Bank's operations on the foreign exchange and open securities markets.

Management is a set of techniques and methods of targeting an object to achieve a certain result.

Financial management is implemented through the existing system of relations, due to historical, economic and political conditions, and is subordinated to the financial policy of the state.

A special service manages finances through certain techniques and methods, including a variety of incentives and sanctions.

Financial management, like any other managed system, has objects and subjects of management.

The objects are various types of financial relations; and the subjects are managing organizational structures.

There are three groups of objects:
1) business finance;
2) insurance relationships;
3) public finance. They correspond to the following subjects of management:
- enterprise financial services;
- insurance agencies;
- financial authorities;
- tax inspectorates.
The set of organizational structures that carry out financial management is called the financial apparatus.

Management decisions are made based on the analysis of financial information, which must be sufficiently complete and reliable, ensuring informed decision-making. Financial information is based on accounting, operational and statistical reporting.

Operational management is a set of measures taken based on data from the operational analysis of the financial situation and aimed at maximizing the effect with minimizing costs through the redistribution of financial resources.

Besides operational management, we distinguish strategic management, which is expressed in determining financial resources through forecasting of trends, establishing the level of financial resources for implementing targeted programs.

Financial management is regulated by the highest legislative bodies through the adoption of financial laws, approval of the state budget and performance report, the introduction or abolition of certain types of taxes, approval of the maximum amount of public debt and other financial parameters.

Automated control systems (ACS), based on the use of economic-mathematical methods and electronic computing equipment are part of the general financial management.

Employees of financial authorities cannot competently manage finances without information services based on the use of automated financial settlement systems (AFSS) and financial management systems (AFMS).

The creation of these systems uses the theoretical concepts of financial cybernetics that are financial management theory, the organization of the exchange of financial and economic information between managing and managed subsystems.

The main purpose of the creation and implementation of these systems is more efficient financial management by reducing the laboriousness of collecting, processing and analysing information, multivariate calculations of financial plans and their better coordination among themselves, streamlining the structure of the apparatus of financial bodies, etc.

The four subsystems solve a set of tasks for the summary budget calculations, revenues and taxes, expenditures of budgetary institutions, and finance for the branches of the national economy.

In the Russian Federation general financial administration is entrusted, according with the Constitution, to the highest authorities - the State Duma, the Presidential Administration.

Financial management at enterprises is carried out by financial departments and services of enterprises. The insurance industry is managed by special insurance structures.

All work on public finance management is carried out by the Ministry of Finance, its subordinate financial bodies, and the Federal Tax Service.

The main tasks of the Ministry of Finance:

1) development and implementation of strategic focuses of state financial policy;
2) drafting and execution of the federal budget;
3) ensuring the stability of public finances [26] and their impact on the socio-economic development of the country, economic efficiency, as well as the implementation of measures to improve the financial market;
4) concentrating of financial resources on the priority areas of socio-economic development of the Russian Federation and its regions, as well as targeted financing of government needs;
5) improving methods of financial and budget planning;
6) financial monitoring of the rational and targeted spending of budget funds and extra-budgetary funds.

Subjects of financial management also include the Federal Assembly, the Accounts Chamber, the Treasury, the Federal Agency for State Property Management, the Bank of Russia Financial Markets Service, the Federal Customs Service.

Planning occupies an important part in the financial management system.

In the planning, any economic entity fully assesses the state of its finances and identifies opportunities for increasing financial resources and directing their most efficient use.
The object of financial planning is the financial activities of economic entities and State, and the final result is the preparation of financial plans. Each plan should include calculation of income and expenses for a certain period, establishing links with the financial and credit system (social insurance contributions, payments to the budget, payment on a bank loan, etc.)

All levels of the financial system have financial plans, while the form of the financial plan and the composition of its indicators reflect the specifics of the relevant level of the financial system. For example, commercial enterprises and organizations make up the balance sheets of income and expenditures; engaged in non-commercial activities institutions plan estimates; collective farms, cooperative organizations, public associations and insurance companies make financial plans; public authorities draw up budgets of different levels.

The specific objectives of financial planning are determined by financial policy. This is a determination of the level of cash and its sources necessary for the fulfilment of plan targets; identification of potential incomes increasing, expenditure savings; establishment of optimal proportions in distribution of funds between centralized and decentralized funds, etc.

Both forecast and planned calculations of financial indicators are based on the use of various methods. The most important methods include: extrapolation, normative method, mathematical modelling.

The extrapolation method consists in determining financial indicators when identifying their dynamics.

In the calculations it uses indicators of the reporting period, adapting them to a relatively stable rate of change. The normative method is based on the use of established norms and regulations.

The method of mathematical modelling is based on the construction of financial models imitating the flow of real economic and social processes.

We use the balance method to coordinate the direction of the use of financial resources with the sources of their formation, linking all sections of financial plans among themselves.

In countries with market economies, the program method prevails over planning, whereas in Russia, until recently, programs and forecasts only complemented the plan.

In managing the national economy, control over the state of the economy and development of socio-economic processes in society is of great importance. One of the links in the control system is financial control. Its purpose is to facilitate successful implementation of state financial policies.

Financial control is defined by actions and operations to verify the financial side of the activities of economic entities and management with the use of specific forms and methods of its organization.

Financial control as a special area of control associated with the use of cost categories has a target focus and a defined scope.

The object of financial control are the monetary and distribution processes in the formation and use of financial resources.

The direct subject of inspections are such financial indicators as profit, tax and contributions to funds, profitability, cost price and distribution costs. They are synthetic, so the control over their dynamics and trends covers all aspects of the activities of enterprises, institutions, as well as the mechanism of financial and credit interrelations.

The scope of financial control includes almost all transactions performed with or without the use of money (barter transactions, etc.). At the same time, they proceed from the provision on possible exclusion of direct or indirect interrelation between formation and use of financial resources, cash funds with any types of activity or inaction.

All enterprises and organizations are subject to control, even those that have normal results of activity.

Financial control includes review: compliance with economic laws, balancing distribution and redistribution of the value of gross domestic product and national income; budgeting and execution (budget control).

It also includes monitoring the financial status and efficient use of resources (labour, material and financial) of enterprises and organizations, budgetary institutions, tax control and other areas.
Financial control performs the following tasks:

1) maintaining a balance between the need for financial resources and the money incomes and funds of the national economy;
2) ensuring the timeliness and completeness of fulfilling financial obligations to the state budget;
3) defining hidden internal reserves of increasing financial resources, reserves for cost reduction and increase profitability;
4) ensuring rational consumption of material values and financial resources at enterprises, as well as proper accounting and reporting; ensuring compliance with existing laws and regulations;
5) promoting effectiveness of foreign economic activity of enterprises, including foreign exchange transactions, etc. Depending on the subjects of financial control, state, internal, public and independent (auditing) financial control are distinguished.

By the time of the financial control is preliminary, current and subsequent.

Preliminary financial control is carried out at the stage of preparation, review and approval of financial plans of enterprises, estimates of income and expenses of institutions, draft budgets, texts of contractual agreements, constituent documents, etc.

Current financial control is carried out in implementing financial plans, economic and financial operations, verifying compliance with the norms and standards of material consumption, compliance with the release of funds to the implementation of expenditure plans, using previously issued resources.

Subsequent financial control is carried out at the end of the reporting period and the financial year as a whole.

By methods of financial control we distinguish: inspections, surveys, analysis and audits.

Inspection is made on the basis of reporting, balance and expenditure documents. It covers certain issues of financial and economic activities. During the audit, it reveals violations of financial discipline and plans measures to eliminate their negative consequences.

The survey covers specific aspects of the activities of enterprises and is conducted on a wider range of indicators. The survey determines the financial position of economic entities, the prospects for their development and the need to reorganize or reorient production.

3. Conclusion

Analysis as a method of financial control should be systematic and factual. It is carried out by periodic or annual reporting. It identifies the level of the plan implementation of the plan, compliance with standards of expenditure of funds, financial discipline.

Audits are complete, partial, thematic and complex, as well as planned and unscheduled. If all documents and material values are checked, then this is a complete revision. And during selective audits only part of documents are controlled.

By type of audit, they are divided into a documentary (verification of reporting documents and records in accounting registers) and actual (verification of the availability of cash and material values at the place of storage).

Budgetary control contributes to development of optimal financial and budgetary policies that ensure the maximum increase in state budget revenues and economic development.

Financial control is carried out by legislative bodies through committees and commissions. Chambers of Control, Audit Office are also created.

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