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Analysis of Zabaikalsky Krai's budget execution in 2021

Abstract: The Zabaikalsky Krai is one of the largest regions of the Russian Far East in terms of resource potential and mining. Therefore, it is relevant to analyse the economic indicators of the budget of this subject of the Russian Federation from the viewpoint of the effectiveness of its execution, considering the development of the subject's economy. The study object is Zabaikalsky Krai's budget in 2021. The study subject is Zabaikalsky Krai's budget execution. The study's purpose is to analyse Zabaikalsky Krai's budget execution effectiveness in 2021. The study analysed the Russian Federation budget system, items of income and expenses of Zabaikalsky Krai's budget in 2021, items of income and expenses of Zabaikalsky Krai's consolidated budget in 2021, and also revealed the features of the ratio of deficit and surplus of Zabaikalsky Krai's current and consolidated budget in 2021. The author concludes that in the reporting year 2021, and the year 2020 preceding it, Zabaikalsky Krai's budget and its consolidated budget are in deficit. However, in comparison with 2020, the indicators of 2021 indicate a significant decrease in the difference between revenues and expenditures of these budgets, which gives grounds for forecasting budget surpluses in the coming years.

Keywords: Zabaikalsky Krai, budget execution, consolidated budget, budget deficit and surplus.



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Анализ исполнения бюджета Забайкальского края в 2021 году

Аннотация: Забайкальский край является одним из крупнейших регионов Дальнего Востока Российской Федерации по ресурсному потенциалу и добыче полезных ископаемых. Следовательно, актуальным является анализ экономических показателей бюджета данного субъекта Российской Федерации с точки зрения эффективности его исполнения с учетом развития экономики субъекта. Объектом исследования бюджет Забайкальского края в 2021 году. Предметом исследования является исполнение бюджета Забайкальского края. Целью исследования является анализ эффективности исполнения бюджета Забайкальского края в 2021 году. В ходе исследований были проанализированы бюджетная система Российской Федерации, статьи доходов и расходов бюджета Забайкальского края в 2021 году, статьи доходов и расходов

консолированного бюджета Забайкальского края в 2021 году, а также выявлены особенности соотношения дефицита и профицита текущего и консолированного бюджета Забайкальского края в 2021 году. Автор делает вывод, что в отчетном 2021 году, и в предшествующем ему 2020 году бюджет Забайкальского края и консолидированный бюджет Забайкальского края являются дефицитными. Однако в сравнении с 2020 г. показатели 2021 г. указывают на существенное уменьшение разницы между доходами и расходами указанных бюджетов, что дает основания для прогнозирования профицита бюджетов в ближайшие годы.

Ключевые слова: Забайкальский край, исполнение бюджета, консолидированный бюджет, дефицит и профицит бюджета.



Introduction

The Zabaikalsky Krai is a subject of the Russian Federation in the eastern part of the Trans-Baikal Territory, as part of the Far Eastern Federal District. It is part of the Far Eastern Economic Region. The administrative centre is the city of Chita. The territory area is 43,1892 sq. km, which is 2.52% of the area of Russia (12th place in the country). The population is 1,004,125 people in 2021. It was formed on March 01, 2008, as a result of a referendum on the unification of the Chita Region and the Aginsky Buryat Autonomous Okrug.

The Trans-Baikal region belongs to the oldest mining region in Russia. Significant reserves of mineral resources have been discovered there. According to official data, there are reserves of almost all types of minerals in the depths of the Trans-Baikal Territory. There are enterprises in the fuel and energy and forestry industries, mechanical engineering, production of building materials, and light and food industries in the Zabaikalsky Krai, and an agro-industrial complex is developed.

It is characterised by an advantageous geographical location and is attractive for its resource potential (mineral, water, forest and land). Strategically significant railways and highways run through the territory of the region. All this contributes to the effective development of both interregional and foreign economic business, trade and cultural ties.

The executive body of Zabaikalsky Krai's state authority, which determines promising areas of development in the field of finance of the Zabaikalsky Krai, inter-budgetary relations, internal state financial control in the field of budgetary legal relations, control in the field of procurement of goods, works, services to meet state and municipal needs, except control in the field of procurement in terms of preparing documents for posting a notice of holding procurement, performing management in the established field of activity, functions for the adoption of regulatory legal acts, The Ministry of Finance of the Zabaikalsky Krai is responsible for the provision of public services. According to Article 87 of the Charter of the Zabaikalsky Krai, adopted by the Legislative Assembly of the Zabaikalsky Krai on February 11, 2009, the subject's budget execution is performed by the specified financial body of the Zabaikalsky Krai.

The budget is a form of education and spending of funds intended for financial support of the tasks and functions of the state and local government.

One of the main conditions for the effective implementation of budgetary activities is the inclusion of a specific budget in the budget system to distribute income and expenditure sources. The existence of the budget as a special category of a legal act allows us to compare the total

amount of income with the total amount of expenses, classify expenses by items, and determine their relative importance and urgency.

The study object is Zabaikalsky Krai's budget in 2021.

The study subject is Zabaikalsky Krai's budget execution.

The study's purpose is to analyse Zabaikalsky Krai's budget execution effectiveness in 2021.

Based on the purpose of the study, the following tasks were developed

- conduct a brief analysis of the Russian Federation budget system;
- analyse the income and Zabaikalsky Krai's budget expenditure items in 2021;
- analyse the items of income and expenses of Zabaikalsky Krai's consolidated budget in 2021;
- identify the features of the deficit and surplus ratio of Zabaikalsky Krai's current and consolidated budget in 2021.

Results

1. Analysis of Russian Federation's budget system

The budget system of the Russian Federation is based on economic relations and the state structure of the Russian Federation, regulated by the legislation of the Russian Federation, the totality of the federal budget, budgets of Russian Federation's subjects, local budgets and budgets of state extra-budgetary funds.

Russian Federation's budget system (Article 10) (*Budget Code...*) consists of budgets of the following levels:

- (a) the federal budget and budgets of state extra-budgetary funds;
- (b) budgets of the subjects of the Russian Federation and budgets of territorial state extra-budgetary funds;
- (c) local budgets, including budgets of municipal districts, budgets of urban districts, budgets of inner-city municipalities of federal cities of Moscow, St. Petersburg and Sevastopol; budgets of urban and rural settlements, budgets of inner-city districts.

The novel of the Budget Code of the Russian Federation is the inclusion of the budgets of state extra-budgetary funds in the budget system of the first and second levels. The state extra-budgetary fund is a form of education and spending of funds generated outside the federal budget and budgets of Russian Federation's subjects. In practice, these funds perform the social function of the state since they are designed to implement the constitutional rights of citizens to pension provision, social insurance, social security in case of unemployment, health protection and medical care.

According to the federal form of the Russian state and the presence of local self-government, the following are distinguished as a relatively separate category: the federal budget, the budgets of Russian Federation's subjects and local (municipal) budgets.

In the budget legislation of the Russian Federation, there is a "consolidated budget" concept, which means "a set of budgets of all levels of Russian Federation's budgetary system in the relevant territory", according to Article 6 (*Budget Code...*).

The consolidated budget has two essential features:

- first, it represents a set of budgets of a certain territory, i.e., the budget of the corresponding state-territorial or municipal entity;
- secondly, the budget code of a certain territory is used as an economic tool for calculating the minimum social and financial norms and standards necessary for budget planning and analysis of budgetary activities.

In the Russian Federation, it is possible to distinguish:

- the consolidated budget of the entire state, formed by budgets of all levels of the budgetary system;
- the consolidated budget of the Russian Federation subjects, consisting of the budget of the Russian Federation subject and the budgets of municipalities located on the territory of the Russian Federation subject;
- the consolidated budget of a municipality, consisting of local budgets of the territories forming this municipality.

Thus, in this work, Zabaikalsky Krai's budget will be considered, just like Zabaikalsky Krai's consolidated budget, which includes Russian Federation's subject budget and the budgets of municipalities located on the territory of the Russian Federation subject.

2. Analysis of Zabaikalsky Krai's budget revenue items in 2021

It is known that budget revenues at any level consist of tax revenues, non-tax revenues and gratuitous receipts. Tax revenues, e.g., include corporate income tax, personal income tax, corporate property tax, etc. Non-tax income includes income from the use of state property, income from paid services, fines for violations of taxes and fees, etc. Gratuitous receipts include:

- gratuitous receipts from the federal budget (grants, subsidies, subventions, other inter-budgetary transfers),
- gratuitous receipts from other budgets of the budgetary system (Pension Fund of the Russian Federation, Social Insurance Fund of the Russian Federation),
- gratuitous receipts from state organisations.

First, it is necessary to turn to the dynamics of Zabaikalsky Krai's budget tax and non-tax revenues (*Figure 1*). It is worth noting that the continuous growth in the amount of revenues to the regional budget is during the 5 years preceding the reporting year. As of 2021, most of them are personal income tax and corporate income tax. Excise taxes and property taxes make up a much smaller part of the revenue and are approximately equal. The remaining part of the proceeds is distributed among other income.

Next, it is necessary to look at the dynamics of gratuitous receipts for the 4 years preceding the reporting period (*Figure 2*). It is also worth noting that the annual increase averaged 49% in the period from 2017 to 2019. From 2019 to 2021, the number of receipts decreased significantly, to an average of 14.5%, but the number of gratuitous receipts amounted to 52,907.7 million rubles.

In general, gratuitous receipts from the federal budget in 2021 increased by 7,168.2 million rubles compared to 2020 (by 15.7%), including subsidies increased by 4,061.7 million rubles. But subsidies and subventions decreased by 204.9 million rubles and 616.9 million rubles, respectively.

Summing up the consideration of the revenues of the Zabaikalsky Krai in 2021, it is necessary to note that Zabaikalsky Krai's budget revenues dynamics for the period from 2017 to 2021. On average, the region's revenues increased by 20% annually. Budget revenues for 2021 amounted to 101,504.4 million rubles (*Figure 3*).

3. Analysis of Zabaikalsky Krai's budget expenditures in 2021

The largest budget part is directed to the areas of social policy, education and the national economy. The main priorities of the budget policy of the region in the reporting period were ensuring the payment of wages, fulfilment of public regulatory obligations, payment for utilities, transfer of inter-budget transfers, fulfilment of debt obligations, provision of subsidies for the fulfilment of state tasks, implementation of measures of the Social Development Plan for Economic Growth Centers and regional projects in the territory of the Zabaikalsky Krai and other goals. In 2021, the regional budget expenses were fulfilled in the amount of 10,2849.1 million rubles. The increase in total expenditures compared to the same period last year amounted to 15.2%, or 13,585.5 million rubles, which is mainly due to the inclusion of the Zabaikalsky Krai in the implementation of National Projects and the Social Development Plan for Economic Growth centres in the territory of the region.

Next, it is necessary to look at the information about the expenses of the regional budget. 598.8 million rubles were allocated for environmental protection, including the protection of flora and fauna and their habitat, and applied scientific research in environmental protection, which exceeds the indicated figure for the previous year by 23%. 22,786.7 million rubles were allocated for education (+12% compared to the previous year). 1,394.7 million rubles were allocated for the field of cinematography and culture (-38% compared to 2020). Healthcare (inpatient, outpatient, sanitary and wellness care, etc.) was 9,371.2 million rubles (+13%). Social policy (pension provision, protection of family and childhood, etc.) was 32,346.2 million rubles (+ 22%). Physical culture and sports were 1,212.5 million rubles (+ 38%). Mass media was 29.0 million rubles (+8%).

Summing up the presented expenses, it is determined that Zabaikalsky Krai's budget expenditures are 102849.1 million rubles in 2021. The increase is 15% compared to the year preceding the reporting one (*Figure 4*).

4. Features of Zabaikalsky Krai's budget deficit and surplus ratio in 2021

Analysing the actual Zabaikalsky Krai's budget execution in 2021, it is necessary to pay attention to the following indicators: revenues for the specified year amounted to 101,504.4 million rubles, of which 48,619.2 million rubles were tax and non-tax and 52,885.2 million rubles were gratuitous receipts. Expenses in the reporting year amounted to 102,849.1 million rubles, thereby exceeding revenues by 1,344.7 million rubles. Thus, Zabaikalsky Krai's budget in 2021 is in deficit.

Here it is necessary to show the same figures for 2020. Revenues amounted to 85,606.3 million rubles, including 39,750.1 million rubles of tax and non-tax revenues, and 45,856.2 million rubles of gratuitous receipts. Expenses in the specified year amounted to 89,263.6 million rubles. The regional budget deficit amounted to 3,657.3 million rubles in 2020.

Thus, comparing the reporting year with the previous one, it can be concluded that revenues and expenses increased, but revenues in 2021 exceeded revenues in 2020 by 18%, and expenditures by 15%, and therefore the budget deficit decreased.

5. Analysis of Zabaikalsky Krai's consolidated budget revenues in 2021

To analyse Zabaikalsky Krai's consolidated budget revenues, it is necessary to pay attention to Zabaikalsky Krai's revenues dynamics in the years preceding the reporting period (*Figure 5*).

It is obvious that Zabaikalsky Krai's incomes are regularly increasing, and annual growth is noticeable. As of 2017, the region's income amounted to 58,800.3 million rubles, and 113925.1 million rubles in 2021. Thus, comparing these values, it is worth noting that Zabaikalsky Krai's budget income increased by 94%, i.e., almost 2 times! In general, revenue receipts to the region's consolidated budget increased by 17,300.6 million rubles (by 17.9%) in 2021 compared to 2020. Including tax and non-tax revenues increased by 10132.3 million rubles (by 19.9%), gratuitous receipts increased by 7168.2 million rubles (by 15.7%).

Zabaikalsky Krai's consolidated budget consists of the regional budget and local budgets, including the budgets of municipal districts, urban districts, budgets of municipal districts, and budgets of urban and rural settlements. Having studied the consolidated budget tax and non-tax revenues dynamics in recent years, it can be concluded that the largest amount of income goes to the regional budget, and the least – to the budgets of urban and rural settlements.

To balance and sustain Zabaikalsky Krai's budgetary system, work was performed aimed at preserving and developing the region's revenue potential. As a result, 3.2 billion rubles (6.6% of total tax and non-tax revenues) were additionally mobilised to Zabaikalsky Krai's consolidated budget. This result was achieved using the following indicators:

- (1) development of economic and tax potential, increase in investment and business activity of business entities, increase in the number of registered taxpayers, interaction with major taxpayers within the framework of concluded Agreements on Mutual Cooperation (899.0 million rubles);
- (2) the work of regional and municipal interdepartmental commissions on revenue mobilisation, control over compliance with tax discipline, wage issues, control over the execution of decisions on the collection of state duties, administrative fines, and other penalties (283.5 million rubles);
- (3) interaction with the chief administrators of budget revenues on the execution of budgetary powers and established tasks for mobilising tax and non-tax revenues (2,062.4 million rubles);
- (4) tax revenues: identification of tax offences, legalisation of taxable objects, increase in the collection of tax revenues, reduction of arrears in taxes and fees (2,027.5 million rubles);
- (5) non-tax income: increase in income from leasing property, payments for the use of natural resources, penalties, other non-tax income, and repayment of debts (34.9 million rubles).

6. Analysis of Zabaikalsky Krai's consolidated budget expenses in 2021

Zabaikalsky Krai's budgetary funds are allocated to the following areas:

- (1) national issues;
- (2) national defense;

- (3) national security and law enforcement;
- (4) national economy;
- (5) housing and communal services;
- (6) environmental protection;
- (7) education;
- (8) culture, cinematography;
- (9) healthcare;
- (10) social policy;
- (11) physical education and sports;
- (12) mass media;
- (13) servicing of state and municipal debt;
- (14) inter-budgetary transfers of a general nature to the budgets of the subjects of the Russian Federation and municipalities.

Turning to the dynamics of expenses, we note their fairly stable growth (on average, about 17% growth for each year). Compared to 2017, consolidated budget expenditures increased by 89%. Expenses of Zabaikalsky Krai's consolidated budget increased by 14,761.9 million rubles in 2021 in comparison with 2020 as a whole (by 14.7%). Main expenditure share is directed to education, social policy, health care and the national economy in 2020-2021.

7. Features of Zabaikalsky Krai's consolidated budget deficit and surplus ratio in 2021

Analysing the Zabaikalsky Krai's actual consolidated budget execution in 2021, it is necessary to pay attention to the following indicators: revenues for the specified year amounted to 113,925.1 million rubles, of which 61,023.4 million rubles were tax and non-tax and 52,901.7 million rubles were gratuitous receipts. Expenses in the reporting year amounted to 115,032.8 million rubles, thereby exceeding revenues by 1,107.7 million rubles. Thus, Zabaikalsky Krai's consolidated budget is in deficit in 2021.

Revenues amounted to 96,624.5 million rubles, including 50,891.0 million rubles of tax and non-tax revenues and 45,733.5 million rubles of gratuitous receipts. Expenses amounted to 100,270.9 million rubles in the specified year. The consolidated budget deficit amounted to 3,646.4 million rubles in 2020.

Thus, comparing the reporting year with the previous one, it can be concluded that revenues and expenses increased, but revenues in 2021 exceeded revenues in 2020 by 17%, and expenditures by 14%, and therefore the deficit of the consolidated budget decreased.

Conclusion

Based on the above, it can be concluded that both in the reporting year 2021 and in the preceding year 2020, Zabaikalsky Krai's budget and the consolidated budget are in deficit. However, in comparison with 2020, the indicators of 2021 indicate a significant decrease in the difference between revenues and expenditures of these budgets, which gives grounds for forecasting budget surpluses in the coming years.

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Appendix

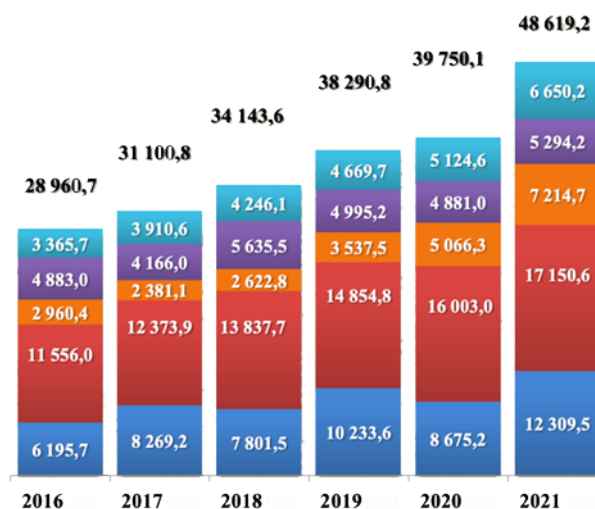


Figure 1. Income from Zabaikalsky Krai's budget tax and non-tax revenues

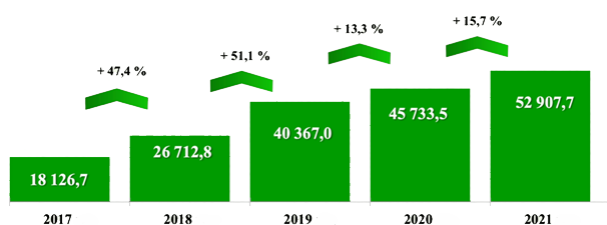


Figure 2. Dynamics of gratuitous receipts from the federal budget



Figure 3. Dynamics of Zabaikalsky Krai's budget revenues

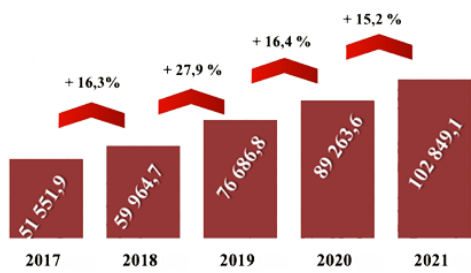


Figure 4. Dynamics of Zabaikalsky Krai's budget expenditures

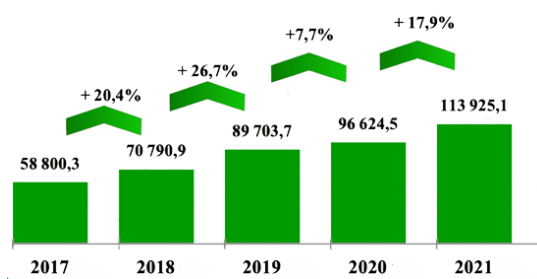


Figure 5. Analysis of the dynamics of Zabaikalsky Krai's consolidated budget revenues