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TERRITORIAL ENTITIES' INVESTMENT POLICY IN IMPLEMENTATION OF LONG-TERM DEVELOPMENT PROJECTS

Abstract: The relevance of this topic is due to the creative nature of investment attraction activities in order to ensure the development of the country and regions.

The importance of the problem is in the presence of obstacles in the way of building an attractive economic system in terms of investment inflows, creating conditions that encourage investors to invest in Russia.

The purpose of research based on the generalization of theoretical material of various sources and analysis of Rosstat database, to characterize the development of investment processes in Russia, to determine the patterns of changes in the dynamics of investment indicators and the factors causing the activity of participants in investment activities in Russian regions.

The research was conducted using scientific methods: abstraction, analysis and synthesis, induction and deduction.

The result showed that the activity of the Russian regions in the investment area is characterized by dependence on the level of overall economic development, although this relationship is a two-way.

In conclusion, it was concluded that the creation of favorable conditions for the development of investment activities and its active support by the federal and regional authorities is necessary.

It is advisable to offer to continuously improve legislation in the field of investment activity, to pursue a more flexible policy of financing investment and innovative projects, especially at the early stages of their development. This is the key to successful planning and implementation of projects aimed at strengthening the sovereignty of the state and improving the quality of life of citizens in new Russia.

Keywords: investments, project implementation, long-term development of the country, investment activity.

Introduction

In order to ensure the progressive development of society and the state, on the one hand, it is necessary to create conditions for the expanded reproduction of wealth, which also contributes to the growth of national wealth and incomes across the country, a region, industry, an organization and an individual citizen. The investment activity plays a key role in solving this problem, as it forms the basis of the economic development of the country for reproduction processes. Such activities include investments in fixed assets, operations in the securities market, development and implementation of innovative projects. Long-term projects are of particular importance. In other words, the matter of the investment activity consists of practically any targeted investment of investment resources and a set of practical measures for their use in the interests of the participants in this activity.

On the other hand, increasing the competitiveness of the economy of the Russian regions and the state as a whole is dictated by the need to ensure the country's actual sovereignty in the global geopolitical space and international economic relations. This is the key to successful socioeconomic development of a separate territory and the entire national economic system. Practical achievement of competitive abilities cannot be imagined without investment activity in all sectors of the national economy and spheres of society that is, without systematic and focused investment activity, winded up in the development of new facilities for the production of goods and services, construction, finance, etc. (Sokolov, 2018).

Theoretical background

It is necessary to identify and support the territories that have the greatest potential. It is included in the tasks of not only state, but also of regional policy (Vladyka, Kogteva, Kuprijanov, Kulik and Gerasimova, 2018).

Investment resources are both cash, deposits in banks for specific purposes, securities (stocks, etc.), as well as equipment, technologies, licenses and other assets that are invested in the development of entrepreneurial and other activities carried out for the purpose of making economic profit and at the same time achieving social goals.

The main concepts of this research are also the object and subject of investment activity. The main production recreated or modernized assets, floating funds in various sectors of the national economic sector, targeted cash deposits, products of the scientific and technical sphere, etc. are considered to be objects of investment activity. The subjects of investment activity are investors who provide resources for the implementation of investment projects, customers, projects contractors, project managers, users of objects being created because of investment activities, resource providers, credit and insurance organizations and other participants of the investment process. Both individuals and legal entities of Russian and foreign origin, international organizations and whole states can act as subjects of investment activity.

It is important to establish perfect legislation in the country that can guarantee investment protection and investors' rights as well as the participation of the state in international investment agreements. Investment activities in the Russian Federation are regulated by the Civil Code, Federal Law No. 39-FZ February 25, 1999 "On Investment Activities in the Russian Federation in the Form of Capital Investments", other federal laws and other regulatory legal acts of the Russian Federation that directly or indirectly affect this sector of management. It is necessary that the vector of legal regulation provides equal conditions for investors, including foreign ones, regardless of their form of ownership. First, we should exclude measures of discriminative nature that may or could prevent or limit, or impair the freedom of management and investment arrangements. The insurance of the investment attractiveness of the state is the guarantee of non-admission (prohibition) of gratuitous nationalization, requisition and other actions and measures, equal to indicated consequences. The investor gets payment of the cost and with full compensation of losses caused by the alienation, including lost profits in case of necessity to withdraw the invested property. The procedure of actions in this case, including the reimbursement of the value of property and losses, is advisable to build in accordance with the legislative acts of the Russian Federation and the subjects of the Federation.

To establish the differences between the forms of investment we use classification of certain characteristics of the forms. In the framework of this article, we analyze some of them (*Refer to the Figure*).

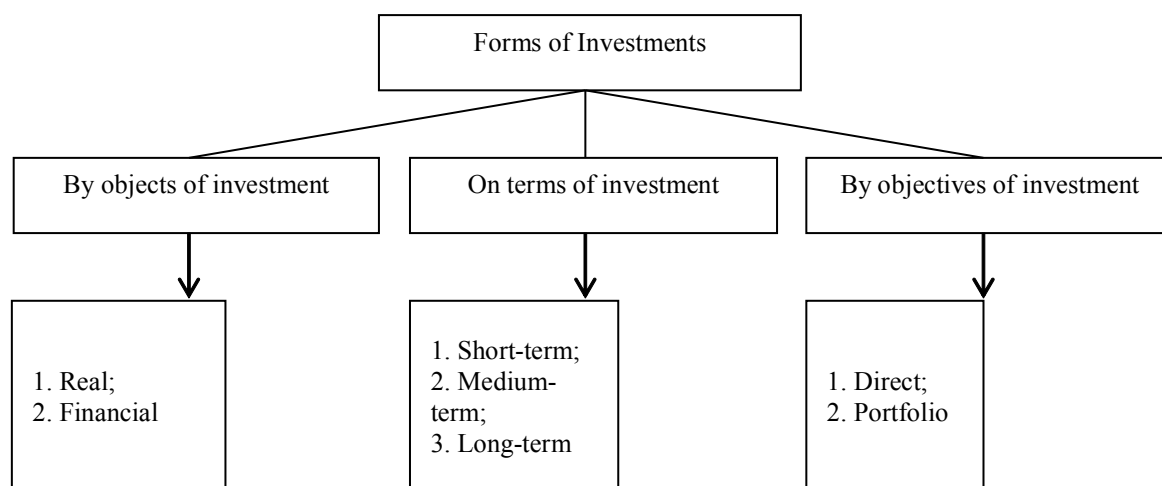


Figure 1. Classification of forms of investment

Source: prepared by the author according to the study.

Real investments – investments in tangible assets (equipment and machinery, industrial buildings and structures, finished products and components) and intangible assets (scientific and technical products, intellectual property, the cost of licenses, patents, trademarks). One of the key components of real investment are investments made in the form of capital investments. Directions for real investment:

- ✓ replacement of equipment and modernization of fixed assets to improve the efficiency of business activities;

- ✓ expanding the range and increasing the volume of production at the existing production facilities;

- ✓ preparation and development of the production of new types of products, including new markets and the use of new technologies, the creation of new enterprises and large-scale reconstruction of existing ones (own make);

- ✓ participation in an investment project in order to fulfill a state order or order of another partner (third party products).

Financial investments include investments in various financial assets (securities), investment of funds on bank deposits, share participation, etc.

Short-term investments are investments for a period of less than one year, medium-term investments are for a period of one to three years, long-term investments are for a period exceeding three years.

Direct investments aim both at extracting income, as well as at expanding the sphere of influence of the investment entity, respecting its financial interests in the future. To achieve the goals, to establish direct control and to obtain the possibility of managerial influence on the investment object we invest in the nominal capital of organizations.

Portfolio investment involves investing in economic assets for a money return (in the form of dividends, interest, increase the market value of investment objects) and diversify risks. Using this form of investment, we invest in the acquisition of securities and other assets owned by different issuers.

Real investments on the object of investment, long-term investments, direct investments on the purpose of investment are the most interesting for this research.

The reviewed forms of investment can be carried out by investing funds:

- ✓ of private investors (private investment);

- ✓ of state and state-owned organizations (public investment);

- ✓ of foreign countries, firms and citizens (foreign investment);

- ✓ of domestic and foreign economic entities at the same time (mixed investments).

The presented classification of forms of investment is not exhaustive. However, in our opinion, these forms of investment activity are the most preferable in the development and implementation of long-term development projects by territorial entities of the national economic system.

The following funds and their sources can be used to organize and conduct investment activities:

- ✓ internal economic reserves and financial resources owned by the investor, which include profits, funds of amortization charges, funds of citizens and organizations (legal entities) in the form of domestic and other savings, etc.;

- ✓ borrowed assets of an investor of a financial nature, consisting of bank and budget loans, etc.;

- ✓ financial assets of the investor, attracted as a result of the sale of shares, shares of legal entities, citizens and members of the labor collective;

- ✓ cash accumulated by unions and associations of the organization;

- ✓ investment appropriation received from state federal and regional budgets of the national financial system, provided by the budgets of municipalities, as well as from extra-budgetary funds;

- ✓ foreign investments.

The specific conditions for carrying on investment activity, the possibilities of the investor and as a result the economic justification based on calculations determine the use any of mentioned above investment resources.

Hypothesis Development

Investment activity is one of the main factors for economic growth, both in the regions and in the country as a whole. The investor is primarily interested in the investment potential of the territory as an opportunity to provide favorable conditions for investment activities using its own and involved economic resources (Kostin, 2017).

The priority direction of state policy, both at the federal and regional levels, should be to create an investment climate that best helps to ensure the growth of investment activity of territorial entities, the search for domestic financial reserves for investment activity and attracting foreign investment.

In accordance with the Global Innovation Index 2017 research in terms of investment in innovative development, Russia ranks 43rd in the global ranking of innovation cost subindexes (The Global Innovation Index, 2017).

In turn, investment activity contributes to the growth of the economic indicators of the country and regions, an increase in the output of innovative products. The most important characteristic of investment processes taking place in the country and regions is the volume of investments in fixed assets.

Data and Methodology

The analysis of statistical data on the dynamics of economic indicators for Russia and its subjects for 2013–2017 allowed to identify the relationship of the volume of shipped goods of own production, the share of innovative products in this volume and the amount of investment in fixed assets (*Table 1*).

Table 1. Volume of shipped goods (works, services) and investments in fixed assets in the Russian Federation and its subjects, billion rubles

No.	Subject Name	2013	2014	2015	2016	2017
The Russian Federation						
1.	Russia – total,	38334,5	41233,5	45525,1	51316,3	57611,1
	Including innovative share, %	9,2	8,7	8,4	8,5	7,2
	Fixed investment	13450,2	13902,6	13897,2	14748,8	16027,3
Central Federal District (randomly)						
2.	Moscow – total,	4493,4	5036,7	4978,4	6679,2	7451,6
	Including innovative share, %	15,3	11,0	17,1	13,6	3,3
	Fixed investment	1413,1	1541,9	1543,6	1712,2	2007,7
3.	Belgorod region – total,	490,3	529,8	590,1	776,9	875,5
	Including innovative share, %	4,3	4,4	5,0	7,3	11,6
	Fixed investment	129,4	120,7	147,2	143,8	142,7
4.	Oryol Region – total,	82,0	85,0	88,0	163,7	132,5
	Including innovative share, %	1,3	1,1	0,8	0,5	1,1
	Fixed investment	43,7	47,6	48,0	43,6	43,7
Northwestern Federal District (randomly)						
5.	St. Petersburg – total,	1752,5	1659,7	2871,8	3061,6	3327,1
	Including innovative share, %	12,2	12,0	7,3	8,7	9,1
	Fixed investment	475,1	523,3	483,4	678,6	672,4
6.	Arkhangelsk region – total,	292,9	193,3	267,2	225,1	349,8
	Including innovative share, %	45,3	2,8	4,5	0,9	28,4
	Fixed investment	95,9	78,8	57,7	83,7	108,9
7.	Pskov region – total,	57,0	52,5	65,3	95,4	107,0
	Including innovative share, %	0,9	0,6	1,1	1,2	2,1

	Fixed investment	29,0	29,8	27,4	27,3	29,3
Southern Federal District (randomly)						
8.	Krasnodar Territory – total,	627,4	693,1	776,3	930,9	1198,3
	Including innovative share, %	0,4	1,4	1,0	7,7	14,1
	Fixed investment	955,2	750,2	586,9	435,1	503,2
9.	Volgograd region – total,	578,3	614,3	685,5	714,2	704,8
	Including innovative share, %	1,1	2,1	2,5	3,0	3,6
	Fixed investment	140,7	182,8	200,2	183,6	191,7
10.	Astrakhan region – total,	167,3	184,0	205,7	225,9	317,5
	Including innovative share, %	1,8	4,9	5,3	5,8	0,2
	Fixed investment	122,6	116,9	113,2	118,0	146,7
North Caucasus Federal District (randomly)						
11.	Stavropol Territory – total,	234,9	244,4	295,2	391,2	402,1
	Including innovative share, %	9,7	11,0	13,5	9,3	8,4
	Fixed investment	130,6	143,1	126,3	122,9	140,1
12.	Republic of Dagestan – total,	20,2	19,9	24,5	49,4	54,0
	Including innovative share, %	0,5	0,5	0,8	0,4	0,4
	Fixed investment	179,1	202,2	197,6	199,6	187,3
13.	Chechen Republic – total,	19,5	6,4	45,4	33,0	20,2
	Including innovative share, %	0	1,6	0,2	0,3	3,0
	Fixed investment	44,6	57,4	58,8	60,5	64,4
Volga Federal District (randomly)						
14.	Republic of Tatarstan – total,	1529,5	1649,9	1828,2	1998,7	2217,0
	Including innovative share, %	21,1	20,5	20,4	19,6	19,6
	Fixed investment	525,7	542,8	617,1	636,5	637,6
15.	Orenburg region – total,	653,3	621,1	668,8	626,2	732,2
	Including innovative share, %	1,4	1,1	2,2	4,0	3,2
	Fixed investment	152,9	154,0	169,2	167,3	184,9
16.	Republic of Mari El – total,	69,8	95,1	112,7	140,6	105,5
	Including innovative share, %	2,3	10,4	9,1	8,2	14,1
	Fixed investment	46,2	47,2	40,3	27,3	24,0

Ural Federal District (randomly)						
17.	Sverdlovsk region – total,	1500,1	1526,0	1399,1	1673,3	1884,8
	Including innovative share, %	6,4	5,8	7,3	8,4	10,3
	Fixed investment	352,9	371,6	350,0	328,4	320,1
18.	Tyumen region – total,	752,4	603,3	1061,4	1005,6	1050,5
	Including innovative share, %	0,9	3,1	3,0	15,8	17,8
	Fixed investment	244,7	248,2	217,4	239,8	301,3
19.	Kurgan region – total,	89,0	80,3	157,5	131,7	130,9
	Including innovative share, %	3,9	2,6	3,6	2,7	3,6
	Fixed investment	33,2	32,8	27,8	29,3	22,9
Siberian Federal District (randomly)						
20.	Krasnoyarsk region – total,	1062,7	1233,3	1487,3	1534,2	1905,1
	Including innovative share, %	5,1	4,0	4,0	4,1	3,3
	Fixed investment	376,9	364,0	396,9	425,9	420,9
21.	Novosibirsk region – total,	364,1	389,9	423,2	500,2	544,0
	Including innovative share, %	9,3	10,0	10,0	9,7	8,3
	Fixed investment	184,0	193,2	164,4	163,1	175,6
22.	Republic of Buryatia - total,	96,1	103,4	125,8	92,6	100,3
	Including innovative share, %	5,9	10,6	1,8	2,5	2,4
	Fixed investment	42,0	36,7	36,2	33,4	42,2
Far Eastern Federal District (randomly)						
23.	Sakhalin region – total,	556,4	709,5	666,5	677,4	790,0
	Including innovative share, %	57,9	60,1	13,9	0,03	0,2
	Fixed investment	175,6	205,5	241,5	240,0	211,8
24.	Khabarovsk Territory – total,	209,6	237,5	273,5	294,0	311,0
	Including innovative share, %	11,7	12,5	10,8	14,0	23,8
	Fixed investment	150,1	128,7	114,0	120,1	121,2
25.	Amur region – total,	113,2	110,6	196,7	164,6	196,7
	Including innovative share, %	4,7	4,7	2,8	1,0	0,9
	Fixed investment	102,0	76,4	102,2	129,8	192,5

Source: prepared by the author according to the Federal State Statistics Service (Federal State Statistics Service, 2018).

The values of shipped goods in value terms, the share of innovative products in this volume and the amount of investment in fixed capital in Russia as a whole and its three subjects from each federal district were selected for the study. In order to increase the objectivity of the results, the calculation was carried out mainly in the regions with high, medium and low value of the indicator of the volume of shipped goods in relation to other regions of the same federal district.

Discussions

The amount of investment in fixed assets is defined as an indicator, which characterizes the activity of territorial entities of the national economic system during the implementation of long-term development projects, because investments in that sort of projects can be considered as real investments, and its implementation period exceeds three years.

Thus, Moscow, Belgorod and Oryol regions were selected out of the regions of the Central Federal District for the analysis. The largest value of the investment amount in fixed assets is in Moscow, which corresponds to the largest amount of shipped goods and the highest share of innovative products in this volume. The smallest amount of investment in fixed assets is in the Oryol region, which also corresponds to the smallest amount of shipped goods and the minimum share of innovative products in the region. Of course, the values have a certain degree of fluctuation by the years of the studied period, but the indicated tendency still exists. We should also pay attention to the fact that the relationship between the amount of investment in fixed assets, the volume of shipped goods and the share of innovative products in this value is most likely mutual. It means that the more goods, works and services are produced in the region in value terms, the more important is the sum of investments in fixed capital, and the greater is the share of innovative products in terms of value and in percentages. In any case, the growth of economic performance in the region is also the result of investment activity of the territorial entity, and, consequently, an increase in the volume of shipped goods by the regions as an indicator of their progressive development and it depends to a certain extent on the success of the investment processes.

Further analysis of the data in the table makes it obvious that the situation in the North-West Federal District is similar to the situation in the regions of central Russia. St. Petersburg is the leader in terms of the amount of investment in fixed assets, the share of innovative products and the value of the volume of shipped goods. The Arkhangelsk region is in the second place, the third place belongs to the Pskov region.

The Southern Federal District with its regions is close to the Central and Northwestern districts. The Krasnodar Territory is the leader. The second and third place belongs respectively to the Volgograd and Astrakhan regions.

The situation in the regions of the North Caucasus Federal District is not so clear. The tendency of the first three federal districts is not significant in terms of investment in fixed assets. However, we believe that this is rather not a pattern, but an exception to the rule, caused by the peculiarity of the development of these territorial entities in the period under study, and the possible error of statistical observation values. Nevertheless, the ratio of the volumes of shipped goods and investments in fixed capital, indicating the development of these regions, should be noted, since investments are equal to about half the amount of shipped goods (the Stavropol Territory) or exceed it several times (the Republic of Dagestan and the Chechen Republic).

The situation in relation to the studied problem in the regions of the Volga, Ural, Siberian and Far Eastern federal districts generally duplicates the situation of the Central, Northwestern and Southern districts. Leaders in terms of the size of investments in fixed assets are at the same time leaders in terms of the amount of shipped goods and the share of innovative products for the analyzed period, with some variations over the years.

Conclusions

The carried-out study outlines and fully confirms the dependence of the volume of shipped goods (activities, services) of the region and the share of innovative goods in this volume on the activity of the territorial unit in investment activity, which is characterized by the size of investments in fixed capital. In this regard, the implementation of projects for the long-term development of the country as a whole and of separate regions, involving the conduct of systematic investment activities, will help strengthen the sovereignty of the state and increase the economic independence of the regions.

The problems in this area are an imperfect system of searching for and attracting financial resources for investment activities, an insufficient supply of investment projects suitable for implementation, a low degree of development of the investment support infrastructure at the regional level, etc. The state, being the main interested party in raising the level of investment activity, should play a significant role in resolving these problems.

Management of investment projects as a set of methods and principles of conducting of the investment process and investment resources in order to increase the investment attractiveness of the region is associated with solving the tasks of increasing the sustainability of economic development (Astakhin and Novikov, 2018).

As a rule, various investors determine their investment preferences taking into account the investment attractiveness of the object as well as the risk attitude. Each investor forms its own set of preferences, which is mainly based on investment goals and personal characteristics (Mikhailov, 2017).

In conclusion, we should note, the state authorities of the Russian Federation, its subjects and municipal authorities should pay due attention to the use of public administration methods and tools that fully support the development of investment activities, working-out and implementation of long-term projects. That will be the key to the economic activity of territories and to the strong standing positions of modern Russia on the world stage.

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