



**State Support Mechanisms for Small and Medium Business Subjects in The
Russian Federation**

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ABSTRACT

In the developed countries, small and medium business is a full-fledged, significant participant of economy who is treated not by the residual principle, and it is the development driver for primary branches of the states. At the moment time the development problem of small and medium business is one of the main tasks for executive bodies of all levels of power in Russia, so the Government of the Russian Federation approved profile Strategy till 2030 and the plan for its realization in which its main performers are fixed.

Despite a huge amount of the materials devoted to the description of various forms, methods and mechanisms of small and medium business support it is represented extremely important to show experience of the Russian Federation in the matter in the aggregated look. Within article authors tried to analyze activity of the public authorities responsible for development and small and medium business support, and also to provide in a condensed form information on the main federal services realizing state support in the territory by types of the provided measures.

Conclusions of authors that in Russia there is a big variety of types of the state support, however, all the same it insufficiently are presented in the conclusion, and introduction of effective system on estimates of results of its activity is required.

Keywords: small and medium business, state support, development of small and medium business, Russian Federation



1. INTRODUCTION

At the moment time the Russian Federation lags behind the developed countries in the development plan and distribution of small and medium business, so turnover of small enterprises in 2015 makes only 17,5% of a total turnover of all organizations, and the number occupied at the enterprises of small and medium business does not exceed 18,7% of total number of busy. Such situation negatively influences further development of national economy in general.

If to speak about the state support, then following the results of continuous observation of activity of subjects of the small and medium business for 2015 published by Federal State Statistics Service percent of the enterprises informed on existence of profile programs of the state support in the Russian Federation makes 31,5% of all small and medium-sized enterprises which are carrying out the activity in the territory of our country. The percent of those which of them were to recipients of support within the state (municipal) program of small and medium business support in 2015 at all made less than 2% (28986 units). The greatest part of recipients used financial support - 84,6% of total (Results of observation of activity of subjects of small and medium business for 2015).

Thus, it is possible to establish the fact that actions for granting measures of support and information on their forms and types are still insufficiently widespread. Thus, new instruments and programs for further promoting among subjects of small and medium business are required.

2. METHODS

Within this article we set the object on carrying out the analysis of activity of the public authorities responsible for development of small and medium business in the country. As object of a research the Ministry of Economic Development of the Russian Federation, MSP Corporation, JSC MSP Bank, Federal Agency for Youth Affairs (Rosmolodezh), the Ministry of Agriculture of the Russian Federation, and Fund of assistance to development of small forms of the enterprises in the scientific and technical sphere acted.

The analysis was carried out on the basis of open sources of information.

3. RESULTS



In 2016 by the Order of the Government of the Russian Federation were approved the Strategy of development of small and medium business in the Russian Federation for the period till 2030 and the plan of measures ("road map") on implementation of the Strategy of development of small and medium business in the Russian Federation for the period till 2030 (The order of the Government of the Russian Federation of June 2, 2016).

It is supposed that thanks to realization of Strategy in 2030 the share of small and medium-sized enterprises has to grow in GDP twice (from 20 to 40%) that to bring closer the level of development of the Russian Federation to the level of the foreign developed countries.

This Strategy has to be the fundamental document for federal and regional executive authorities when developing program documents on stimulation and support of development of small and medium business. Within the road map the Ministry of Economic Development of the Russian Federation and JSC MSP Corporation act as the main executives.

Since 2005 the Ministry of Economic Development of the Russian Federation realizes the profile program for granting subsidies from the federal budget to budgets of regions for rendering the state support to subjects of small and medium business at the regional level (The resolution of the Government of the Russian Federation of February 27, 2009).

Within this program a competition among all regions of the Russian Federation on allocation of target means for realization of actions of regional programs is held. The main condition of this competition is joint financing of expenses from the region that allows stimulating subjects and regions not only to the interregional competition, but also to more active policy on places directed to support of business activity.

In each region of the Russian Federation there is an authorized body which is responsible for implementation of this program, in the Republic of Tatarstan the Ministry of Economics of the Republic of Tatarstan acts as such body (Safiullin M.R., Elshin L.A. & Prygunova M.I. (2015).).

Thus, the Russian policy of small and medium business support at the moment of time is decentralized to regions that in turn, lead to the fact that in different regions



depending on their social and economic development various measures of stimulation are applied.

In the middle of 2015 one of the largest auditor consulting firms KPMG conducted a research, according to efficiency of the Program of support of small and medium-sized enterprises of the Ministry of Economic Development of the Russian Federation (OECD (2015)).

Annually the Ministry of Economic Development of the Russian Federation allocates about 22 billion rubles for the Program of small and medium business support. KPMG analyzed indicators of recipients of support with indicators of MSP which were not getting support, all over 10000 questionnaires and 40000 registers from 83 regions of the country were analyzed (Assessment of efficiency of the Program of support of MSP MEDT http://smb.gov.ru/files/images/MSP-Executive+summary_final.pdf).

As a result of the conducted research conclusions were drawn, that MSP with support are more profitable and less loaded with debt, and their fixed assets several times exceed fixed assets of MSP without support. The companies which were not getting support develop fixed assets on average on 15,8 items more slowly.

According to KPMG, the aggregate effect on the Russian budget from implementation of the Program of support of MSP makes 153 billion rubles a year (for 1 rub of investments of 7 rubles of a gain). This sum is reached at the expense of additional tax revenues from growth of revenue of the MSP provided with support and also the multiplicative growth of economy as a result of support of MSP.

I will support by one more departments providing to subjects of small and medium business, the Ministry of Agriculture of the Russian Federation is. So at implementation of the State program of development of agriculture and regulation of the markets of agricultural production and raw materials, this ministry provides in a target way subsidies of the federal budget to subjects of the Russian Federation for actions of support of small farms in the village at the same time the order of granting means by the farmer is defined by the subject of the Russian Federation (The resolution of the Government of the Russian Federation of July 14, 2012).

One more department which deals with issues of promoting of business activity among youth is the Federal Agency for Youth Affairs.



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Besides the specified departments, as the main agents realizing the state support Fund of assistance to development of small forms of the enterprises in the scientific and technical sphere, JSC MSP Bank and JSC Federal Corporation on Development of Small and Medium business (MSP Corporation) also act.

One of the oldest among these organizations is the Fund of assistance to development of small forms of the enterprises in the scientific and technical sphere. Now the Fund realizes programs of innovative development which are directed to creation new and development of the operating high-tech companies, commercialization of results of scientific and technical activity (The resolution of the Government of the Russian Federation of February 3, 1994).

As for the banking sector, the main bank acting as the operator giving financial support since 2004 is JSC MSP Bank. The main instrument of support of bank is the Program of stimulation of crediting of subjects of MSP (Program 6,5) - state mechanism of financial support which provides availability of long-term investment and reverse crediting to subjects of MSP on the fixed interest rates (World Bank/IFC Enterprise Surveys: Russian Federation Country 12 Profile 2012). This program gives the chance to businessmen to get fixed assets, to modernize and reconstruct productions, to start new projects, and also to fill up current assets at implementation of projects in priority branches of economy (OECD National Accounts database from

<http://dx.doi.org/10.1787/na-data-en>, country profile of Russian Federation

<http://data.oecd.org/russian-federation.htm>, and trade in goods and services database

<<http://data.oecd.org/trade/trade-ingoods-and-services.htm>>, and Russian Federation State Statistics Service, Russia in Figures 2013,

<http://www.gks.ru/wps/wcm/connect/rosstat_main/rosstat/en/figures/population>.).

The interest rate within this program makes 9,6% per annum for representatives of medium business and 10,6% per annum for small business (rates are valid since October 1, 2016). For the entire period of the Program 693 billion rubles were allocated to 60 249 subjects of small and medium business (Reports on implementation of the MSP Program of https://www.mspbank.ru/analiticheskiy_tsentr/programm_realization Bank).

Specially created structure MSP Corporation since 2015 carries out the activity as institute, development in the sphere of small and medium business for coordination of



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rendering to subjects of MSP of the support provided by the federal legislation in the field of development of small and medium business in the Russian Federation" (The decree of the President of the Russian Federation of 05.06.2015).

Following the results of 2015 the Corporation within financial support considered 5 020 applications for provision of guarantees and guarantees for the total amount of 44,5 billion rubles. In total Corporation for the entire period of work approved 4 493 applications from which in 2015 4 100 applications were approved, 3 345 guarantees for the sum of 17,8 billion rubles are given. The sum of proceeds of credit attracted by subjects of MSP on security the guarantees and guarantees given by Corporation made 38 billion rubles (The report for 2015 of "Federal Corporation on Development of Small and Medium business" Joint-stock company

<http://corpmsp.ru/upload/iblock/f6b/0%20%D0%93%D0%BE%D0%B4%D0%>).

4. DISCUSSIONS

The main directions of small and medium business support by its types are presented in table 1 given below.

Table 1. Main federal agents responsible for measures of the state small and medium business support in Russia

Organization	Type of support		
	Financial	Property	Information
Ministry of Economic Development of the Russian Federation	- creation of guarantee funds for providing guarantees for obligations; - assistance to development of the microfinancial organizations for receiving to representatives of	- creation and development of business incubators, industrial parks, science and technology parks (development of infrastructure support);	- creation and development of infrastructure for ensuring information and consulting support of subjects of small and medium business.



	small and medium business of access to loan sources of financing.	- support of the small innovative enterprises	
MSP corporation	- organization of events, the goods directed to increase in a share of purchase, works, services by customers which are defined by the Government of the Russian Federation, at subjects of MSP, and also in the annual volume of purchase of innovative and hi-tech production	- rendering full support to not only subjects of small and medium business, but also the organizations forming infrastructure of their support.	- the organization of information, marketing, financial and legal support of the investment projects realized by subjects of MSP; - ensuring information exchange with public authorities, local governments, other bodies and the organizations for support to subjects of MSP.
JSC MSP Bank	- granting available credit products for priority segments, especially significant branches of economy.		



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Federal Agency for Youth Affairs (Rosmolodezh)			<ul style="list-style-type: none">- promoting of business activity among young people;- involvement of young people in business activity;- training of youth in basic enterprise knowledge and skills;- creation of system of the state support and support of projects of young businessmen;- creation of the educational programs directed to acquisition of skills of conducting business activity and creation of small business;- the organization of work of platforms for communication between young businessmen and authorities.
Ministry of Agriculture of the Russian Federation	- granting grants to heads of peasant farms on development of		



	<p>family livestock farms;</p> <ul style="list-style-type: none">- granting subsidies to regional budgets for compensation of a part of costs of payment of percent on the credits of banks, and to the loans obtained in agricultural credit consumer cooperatives;- compensation of expenses of the peasant farms arising in case of registration in property of the land plots from lands of agricultural purpose.		
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Fund of assistance to development of small forms of the enterprises in the scientific and technical sphere		- creation and development of infrastructure of support of small innovative business.	- training and involvement of youth in innovative activity.
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As we see from the submitted table, in the territory of the Russian Federation all types of support are presented. The Ministry of Economic Development of the Russian Federation and JSC MSP Corporation are departments which provide all types of the state support, other organizations are concentrated on financial and information supports (except for Fund of assistance to development of small forms of the enterprises in the scientific and technical sphere).

5. CONCLUSION

Thus, if to consider a question of carrying out policy on small and medium business support, then from the state all necessary steps are taken: legislative, organizational measures are created, necessary infrastructure develops, but they together do not give due effect (achievement of comparable values of small and medium business, as in the developed countries).

Therefore, from our point of view, carrying out serious work from all authorities is required (not only federal, but also regional and local) on creation of effective system of assessment of measures of small and medium business support, for further forming of the plan of works on this direction.

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(with changes and additions)



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The resolution of the Government of the Russian Federation of February 3, 1994 N 65

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