

Financial and Credit Industry as an Integral Component of the Transition to Innovative Model of Sustainable Economic Development

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Abstract:

In modern conditions, the issue of transition to an innovative model for the development of the national economy becomes increasingly important, since the development of innovations becomes the determining factor in increasing the country's competitiveness and in solving social and economic problems. In accordance with the Global Innovation Index, the weak points of the Russian Federation in the field of innovative development are, first of all, the institutional environment and the investment climate. The statistical indicators of investment activity considered in this article are of considerable interest to investors, as they allow to see the current structure and dynamics of investments. Steady growth demonstrates the stability of the country's economy, while sharp fluctuations reflect the presence of problems and worsen the investment climate. Analyzed indicators demonstrate the presence of certain problems that limit the development of investment potential for the development of the innovation economy, which necessitates the search and classification of these problems.

Keywords: *investments, investment potential, innovations, financing, national economy, competitiveness, internal costs, budget financing, modernization, social and economic goals, science financing.*

I. INTRODUCTION

In the context of General digitalization and globalization of the world economy, the issue of innovation of the national economy is becoming increasingly important. The development of innovations is becoming a determining factor in improving the competitiveness of the country.

The economy of the Russian Federation, due to its resource and raw material nature, is highly dependent on energy prices. Favorable years of high oil prices led to the fact that the most attention from the state and investors was

paid to the development of extractive industries and exports of goods with a low share of value added, rather than the development of domestic industry, the formation of an innovative environment and improving the competitiveness of the economy. The fall in oil prices, the aggravation of political issues, global and local economic crises clearly demonstrated the vulnerability of the domestic economy. Nevertheless, there is still no significant growth in innovation activity, as the Russian Federation is characterized by a strong territorial asymmetry: some regions are actively increasing the pace of innovation activity, others are

curtailing the relevant programs. At the same time, modern experience shows that the highest rates of economic growth in most countries were achieved due to the growth of interregional differences, when several basic regions determined the economic policy of the whole country (Drozdova, 2012; Rasooli & Abedini, 2017; Thomazinho et al., 2017).

II. METHODS

The relevance of this study is due to the fact that the low innovativeness of the Russian economy, the weak interest of business in new technologies, developments and improving the efficiency of its own activities potentially in the implementation of negative development scenarios can lead to a violation of the economic security of the country and harm the interests of its population. In this connection, of particular importance are the issues of increasing innovation activity in the country, inherently associated with its investment opportunities, as at present they largely determine the quality and quantity of implemented innovative projects. Investments play an important role in the development of the economy of any country, contributing to the expansion of reproduction, the development of new production sectors and the development of scientific and technical base (Decree of the president of the Russian Federation "on the strategy of economic security of the Russian Federation for the period up to 2030" dated May 13, 2017).

The aim of the study is to assess the state of the investment potential of the Russian Federation as an integral part of the transition to an innovative model of economic development.

In the Strategy of economic security of the Russian Federation for the period up to 2030, it is noted that the backlog in the development and implementation of new and promising technologies is among the threats and challenges of the country (Podatkowa & Savelieva, 2013).

The low efficiency of the innovation system in Russia has led to an increase in the outflow of competitive personnel, technologies, ideas and capital from the country (The global innovation index, 2018).

The innovative capacity is dedicated to the work of such scientists as M. Porter, J. Schumpeter, G. S. Gamidov, S. Glazyev, A. A. Davydov, M. V. Sutura, E. E. Sklyarov, E. V. Shlyakhto, etc. Analysis of the work of these authors pointed out that a common view on the role and content of innovation potential not been developed. However, different interpretations provide an opportunity to get a broader understanding of the concept and to assess the significance manifested in the diversity of its components.

III RESULTS AND DISCUSSION

Summarizing and assessing the views of different researchers, the authors concluded that the innovative potential is formed by factors such as:

- 1) the need and/or desire of the subject of economic relations to create and use innovative resources;
- 2) availability of necessary resources (investment, human, information, natural, etc.);
- 3) created a favorable internal and external conditions for the implementation of innovation (necessary infrastructure, the system of public (corporate) incentives, legislation, etc.).

According to the Global Innovation Index (The Global Innovation Index), which reflects the results of the global study of the world in terms of the level of innovation, the Russian Federation is ranked 45th in 2017 (Federal state statistics service of the Russian Federation, 2018). At the same time, its strengths are indicators related to human capital (the ratio of students and teachers, the number of higher education

institutions and graduates in the field of science and technology); the scale of the domestic market; the level of employment of certain types of intellectual workers; payments for intellectual property, as well as the number of patents and the level of citation of scientific works. In turn, the institutional environment (political environment, regulatory environment) and the investment climate, in particular the volume of venture financing, which is one of the main financial sources of innovative development in many countries, are among the weaknesses that significantly limit the growth of innovation in the economy. In connection with the above, it seems appropriate to pay special attention to the consideration of the investment potential of promoting innovative development, as this is one of the key problems.

The innovative potential of the economy is not least determined by the existing technical level of production and its efficiency, which in turn is directly related to the volume of production and the economic viability of the sectors of the national economy. The main driving force behind the development of any industrial production is investment in fixed capital. Currently, about 20% of the country's gross domestic product is made up of these investments. So, at the end of 2016, their value amounted to 14639,8 billion roubles, 742,6 billion. more than 2015 (13897,2 bn). The share of this type of investment is traditionally more than 95 % of the total number of investments in non-financial assets (98.7 % – in 2016, 97.7 % – in 2015). However, there is a negative trend in investments in private property (from 57 % of the total investment in 2010 to 56, 3% – in 2017) (Dubrovsky& kiryukhina, 2016).

The proportion of equity and borrowed funds in the structure of investments in fixed assets is maintained from year to year (50.9 % and 49.1 %, respectively, 50.2 % and 49.8 % in 2015). In the structure of borrowed funds, 33.6% are

budget allocations (56.5% of them are from the Federal budget); 21.2 % are Bank loans; and only 1.6% are foreign investments (Dubrovsky& kiryukhina, 2016).

Considering the investment activity in the Russian Federation in the context of economic activities, it can be seen that the index of physical volume of investments in fixed assets is the leading type of "mining". Such activities as real estate transactions, leasing and provision of services are also in high investment demand. In this connection, it is interesting to consider how high the innovative potential of these activities.

The most common economic activities can be divided into 3 groups: high -, medium-and low-technology.

High-tech activities include the production of pharmaceuticals and medical devices, aircraft, computers and office equipment, electronic equipment and equipment for television, radio and communications, photo and video equipment, optical devices, measuring and control equipment.

Average technological are chemical production, production of machinery and equipment, cars, ships and other vehicles, metallurgical production, production of petroleum products, rubber and plastic products.

To the low-tech economic activity for the most part, light industry (manufacture of food products, alcoholic beverages and tobacco, textiles, wood products, recycling, etc.).

Statistical indicators of investment activity are of considerable interest to investors, as they allow to see the current structure and dynamics of investments. Sustainable growth demonstrates the stability of the country's economy, while sharp fluctuations reflect problems and worsen the investment climate.

Dubrovsky, V. J. and Kiryukhin I. V. says: "In the field of innovation there are significant

positive changes. To support innovative enterprises in the field of small and medium-sized businesses, the state has created a number of innovative infrastructure facilities: Technopark structures; territories of innovative development, where a special regime of entrepreneurial activity operates; cluster development centers, funds to promote the development of venture investments in small and medium-sized businesses in the scientific and technical sphere" (Polustanova, 2013).

However, the above indicators demonstrate the presence of certain problems that limit the development of investment potential of the innovative economy, which necessitates the search and systematization of these problems.

According to the business survey conducted by the Federal state statistics service, the factors limiting investment activity in the Russian Federation are (Dubrovsky & Kiryukhina, 2016):

1. insufficient demand for products;
2. the lack of own financial resources;
3. imperfect normative legal base for regulating investment processes;
4. a complex mechanism for obtaining loans for the implementation of investment projects;
5. high percentage of commercial credit;
6. investment risk;
7. the existing taxation regime of investment activity;
8. high inflation rate in the country;
9. exchange rate policy parameters in the country;
10. uncertainty of the economic situation in the country;
11. economic situation on the world market;
12. price fluctuations in the global energy market.

There are factors that negatively affect the investment climate of the country and domestic researchers. Thus, Polusmakova V. S. emphasizes that "the state of the investment

climate is aggravated by the slow pace of restructuring of the banking system, the insufficient volume of own capital to lend even medium-term investments to the majority of banks that survived the financial crisis" (Potapova, 2017). Negative trends in the global and Russian economy increase the risk of Bank loan portfolios (Klimova & Murashkina, (2015). Klimova N. In. Murashkina and S. Yu. they say that "the Central Bank's policy towards banks and monetary policy do not contribute to the development of the debt financing market, that is, it is harder to get a loan, and without it it is almost impossible to develop, especially small businesses" (Anisimova, 2015). Anisimov, V. Yu believes that one of the most important reasons for the low investment efficiency is "slow modernization of domestic enterprises" (Pishchulin, 2014).

Studies show that the greatest contribution to the formation of investment potential is made by factors accumulated in the process of long-term economic activity, such as infrastructure development of the territory, innovative potential and intellectual potential of the population.

IV SUMMARY

When investing in innovative projects, resources are used to Finance scientific and creative activities aimed at improving existing technologies, production methods, etc. or creating fundamentally new products and services. It is quite difficult to predict the final result of such activities at the initial stage, in addition, in the process of project implementation, its concept can radically change, leveling all previously made forecasts. With the successful implementation of the innovation project, investors can make a profit, new technologies and advantages over competitors. In case of failure – the probability of return of invested funds is very low, which makes innovative projects high-risk. Provision

of financial resources at all stages of the innovation project reduces the risks of rejection of innovation by the market and increases its efficiency.

V CONCLUSIONS

In conclusion, it should be noted that a distinctive feature of investment in innovation is that the amount of economic benefits received at the output is very often directly related to the amount of invested funds, while investment in other areas of activity, the result is more predictable, and a fixed amount of investment involves a fixed financial result for the investor. For example, by investing in the construction of a residential building, the investor expects to get the final product – a residential house, the cost of which can be predicted at the initial stage of the project. At the same time, participating in the financing of modernization of existing production in order to improve its competitive position, the investor may face the need to increase funding at the project stage, if there are new technological solutions, the introduction of which will achieve a better effect than the originally planned technology.

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