



Overview of the Main Directions of Budgetary Policy and Innovations of the Russian Budgetary Legislation for the Period of 2016-2018

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ABSTRACT

This article reviews the main directions and innovations of budgetary policy and budgetary legislation of the Russian Federation for the period of 2016-2018. Measures to be taken to increase the effectiveness of budget expenditures and refine the budgetary system, develop and implement the tax policy have been proposed. Such issues as state regulation of financial markets, insurance and auditing activities, implementation of a single financial, credit and monetary policy, management of the public debt and financial assets of the Russian Federation have also been reviewed. A comparative analysis of the conjunctural conditions of formation of the budgetary policy in the pre- and post-sanctions period has been conducted.

Keywords: Budget, Crisis, Anti-crisis Measures, Inflation, The Dollar Exchange Rate

JEL Classifications: K23, H61, H21

1. INTRODUCTION

State regulation within the framework of the economic policy chosen by the government plays a defining role in the formation and development of the economic structure of any modern society. The financial system of the society, where the budgetary system is a key link, is one of the most important mechanisms that allow the government to carry out economic and social regulation. The financial system helps the government form centralized monetary funds and exercise control over the decentralized monetary funds, providing the possibility to perform functions assigned to public authorities (Satarova, 2009).

The economic situation in Russia in the foreseeable future will be affected by structural bottlenecks and lower oil prices. All of this will be further exacerbated by geopolitical tensions, associated primarily with the situation around Ukraine (Kolupaev et al., 2015).

The situation in the Russian and global economy confronts the budgetary policy with new challenges.

The budget expenditure constant-growth model based on the high rate of the economic development and rising prices of resources has exhausted its possibilities thus far.

In the period of rapid economic growth of 2000-2008, an increase in the revenue base enabled a significant increase in costs. It was justifiable as it was required to compensate for the sharp decline in funding of the public sector and social obligations that happened in the 1990s.

Governmental programs, requirements to which would be based on the strategic planning documents, should become the main instrument to achieve public policy objectives, and the mechanisms and amounts of their funding should be established in long-term

budgetary strategy, the 3 years budgets and the Program for the Enhancement of the Efficiency of Public (State and Municipal) Financial Management for the Period until 2018 (The Budgetary Message of the President of the Russian Federation on Budgetary Policy for 2014-2016, 2013).

2. METHODS

The tasks of the budgetary policy define the methods of regulation of social and economic processes. In addition to the program-based approach, traditional methods of budget control are used in the development of a new budgetary policy: (a) The allocation of costs between different types of budgets within the budgetary system; (b) determination of permanently fixed income for each level of the budgetary system; (c) determination of taxes transferred from the higher-level budgets to the lower-level ones in order to balance the latter. These taxes are usually called regulatory taxes; (d) balancing the lower-level budget by providing it with financial support from the higher-level budget by means of irrevocable funds (grants, subventions, subsidies); (e) inter-budget lending in the form of a budget credit or a budget loan; (f) reduction of budget costs, including sequestration. The method of comparison and analogy and analytical method are also the basis for the study.

The method of legal regulation in legal theory is considered the way of legal impact on the participants in public relations. Since budgetary law is a sub-sector of financial law, regulation of budget and financial relations is carried out through the same method - An imperative method. The imperative financial and legal regulation method is characterized by legal inequality of the parties, when authorities (governmental units, state and local governments and their officials) issue legally binding regulations; the execution of such mandatory requirements is ensured by coercive power of the government (Sumskaya, 2011; Official Website of the Central Bank of the Russian Federation, n.d.).

3. RESULTS

Budgetary policy in 2014 and in the first half of 2015 was implemented in a qualitatively new economic environment. The fall in prices of traditional Russian exports, the imposition of economic sanctions and the slowdown in potential rates of growth of the Russian economy against the background of the accumulated structural imbalances, determine external and internal conditions that do not meet the expectations that were fixed during the formation of the budget for the preceding 3-year period.

The “anti-crisis fund” formed as part of the federal budget plays an important role in the implementation of measures to support the economic and social spheres. These funds shall be used upon decisions of the Russian Government on the implementation of additional measures to support economic sectors, small and medium enterprises, the labor market, the single-industry municipalities as well as the social support of citizens.

It is important to note that the responsible approach to budgetary policy in the previous years in terms of limiting the costs and saving surplus oil and gas revenues allowed to carry out an anti-

crisis budget maneuver in 2014-2015 without reducing existing social commitments.

The results of the implementation of budgetary policy in 2014 refer to the fact that starting from 2014 the transition to the principle of planning and execution of the federal budget on the basis of governmental programs has been executed. Along with this, starting from 2016, it is mandatory to form and execute budgets of the Russian Federation subjects in the “program-based” format. Development of local budgets of municipalities on the basis of municipal programs is related to the powers of the Russian Federation subjects.

The central place in the system of financial plans belongs to the budgets where a form of formation and spending of monetary funds for financial security of objectives and functions of the state and municipal administration, finds its quantitative expression. Budgets are developed taking into account the need to achieve the minimum state standards on the basis of regulations for financial expenses, as well as in accordance with other rules (regulations) of the Russian Federation, subjects of the Russian Federation, legal acts of local self-government bodies (Kolupaev, 2013; Vakhrin and Neshitov, 2013).

The creation of new mechanisms for financing of infrastructure development contributed to the improvement of the efficiency of resource management.

Against the background of changing conditions of the external economic environment an important task in the budgetary control is to assist in ensuring balanced regional and local budgets, reducing the risks of non-fulfillment of high-priority expenditure commitments.

Inter-budget relations form the basis of the budgetary system of any federal state, ensuring financial interrelation between the subjects of the budgetary system. Inter-budget relations significantly affect the economic situation, the growth rate of key macroeconomic and demographic indicators both in the subjects of the Russian Federation and in the country as a whole (Khugaeva, 2014).

In 2015 the Federal Treasury continued the work on provision of publicly funded loans to replenish balances on budget accounts of subjects of the Russian Federation (local budgets) and carried out an experiment on provision of publicly funded loans to municipalities.

Improving the quality of work of the supervisory bodies is one of the ways to increase the efficiency of budget costs.

Since 2014 the process of large-scale development and introduction of components of state integrated information public finance management system “Electronic Budget” in the budget process has been started. The system “Electronic Budget” is designed to ensure transparency, openness and accountability of the activities of state bodies and state non-budget fund management bodies, local government, state and municipal agencies, as well as to improve the quality of financial management by forming a single information

space and using information and telecommunication technologies in the sphere of state and municipal (public) financial management.

With the stabilization of the situation in the financial system at the beginning of 2015 the focus of state economic policy has shifted to mitigating the negative consequences from sudden changes in external conditions to the real sector of economy.

The adoption of a complex of anti-inflation measures in budgetary policy - refusal of wage indexation and some social payments prior to the inflation "heated up" by the exchange rate - prevented the inflationary spiral from unwinding. Such measures have become an "anchor" for inflation expectations in the economy.

Thus, the timely implementation of the anti-crisis budgetary maneuver, along with other elements of the governmental economic policy have rapidly stabilized the situation on the financial market and minimized the negative impact on the real sector of economy (information from the official website of the Ministry of Finance of the Russian Federation).

However, macro-economic indicators used in the preparation of the draft federal budget for the period of 2016-2018 differ significantly from the indicators underlying the formation of the federal budget for 2015 and for the planning period of 2016 and 2017 (Table 1), since they did not register changes occurred in the second half of 2014 (including those occurred in the 4th quarter of 2014, the decline in oil prices, the weakening of the ruble, the acceleration of the consumer price growth).

The base scenario of the macroeconomic forecast implies a slight acceleration of the global economic growth (from 3.4% in 2015 to 3.6% in 2018).

In addition, the base scenario assumes the continuation of the sanctions on the part of the USA and the European Union towards Russia and Russian counter-sanctions throughout the forecast period. Consequently, the Russian economy will develop in conditions of limited access to the international capital market, preservation of capital outflows.

The annual average price of "Urals" oil, underlying the formation of the federal budget in 2015, will amount to \$50 per barrel (compared to \$100 per barrel in the forecast as of December 01, 2014) and will increase up to US \$70 per barrel by 2018.

Despite the geopolitical tensions and relatively low level of oil prices, continuation of economic growth is expected starting from 2016 (at the level of 2.3-2.4% per year).

The growth of industry and actual household disposable income will also be continued, this will contribute to the increased investment activity and consumer demand. The rate of accumulation will increase from 16.8% of gross domestic product (GDP) in 2015 up to 20.7% of GDP in 2018, while domestic demand for the period of 2016-2018 will increase by 11.1% against a decline by 9.5% in 2015.

At the same time, the period under consideration is characterized by considerable uncertainty, which can adjust forecasts. Implementation of any of the risks may result in an insufficient flow of revenues into the federal budget, sources of budget deficit funding or in the need to improve certain items of expenditure.

In order to minimize risks of unbalanced budgets of the budgetary system of the Russian Federation it is necessary to continue to use a "conservative" variant of forecasting the socio-economic

Table 1: The main macroeconomic indicators for 2016 and for the planning period of 2017 and 2018

Indicator	2015		2016		2017		2018
	Law 384-FZ*	Law 93-FZ**	Law 384-FZ	Forecast	Law 384-FZ	Forecast	Forecast
1	2	3	4	5	6	7	8
The price of oil "Urals" USD/bbl.	100	50	100	60	100	65	70
Gas prices (average contract prices including the CIS countries), USD/1,000 cubic meters	289	208	282	179	278	208	225
GDP, billion rubles	77,498	73,119	83,208	82,689	90,063	91,050	99,572
GDP growth, %	1.2	-3.0	2.3	2.3	3.0	2.3	2.4
Investments, billion rubles	14,442	12,650	15,356	14,714	16,526	16,037	17,576
Volume of imports (coverage of products accounted by the Federal Tax Service of Russia), billion US dollars	299.2	182.3	305.5	221.8	316.6	235.5	248.6
Volume of exports (coverage of products accounted by the Federal Tax Service of Russia), billion US dollars	494.2	333.8	498.2	376.5	507.3	402.2	431.0
Profits of profitable organizations, billion rubles	13,955	14,345	14,725	20,245	15,990	22,375	24,675
Inflation (consumer price index), % as of December of the previous year	5.5	12.2	4.5	7.0	4.0	6.3	5.1
Dollar exchange, rubles per US dollar	37.7	61.5	38.7	56.8	39.5	54.5	53.2
Payroll, billion rubles	19,022	18,559	20,420	20,129	22,259	22,288	24,462

*Hereinafter - The Federal Law of December 01, 2014 No. 384-FZ "On the Federal Budget for 2015 and for the Planning Period of 2016 and 2017," **Hereinafter - The Federal Law of April 20, 2015 No. 93-FZ On Amendments to the Federal Law "On the Federal Budget for 2015 and for the Planning Period of 2016 and 2017." GDP: Gross domestic product

development of the Russian Federation in identification of the main characteristics of budgets. This approach allows not only to improve the accuracy of budget planning, but also to prevent some of the risks associated with the adoption of additional unfunded expenditure commitments.

Both composition and importance of macroeconomic and budget risks have undergone qualitative changes to a large extent compared to the last year's budget cycle. Thus, fears associated with a decrease in prices of Russian main exports have come true, outstripping the planned values with the inflation growth, the devaluation of the ruble, slowing of the overall pace of socio-economic development, the preservation of the unfavorable external environment caused by the sanctions imposed by some states.

Accordingly, the scenario conditions of the socio-economic development of the Russian Federation for 2016 and for the planning period of 2017 and 2018 are already based on relatively conservative estimates and hypotheses relevant to the current situation, which greatly minimizes the conditions for the emergence of additional budgetary and macroeconomic risks.

Upon occurrence these risks may require the development of additional measures to minimize their negative effects and create an effective risk management system. Development of the specified main activities for the period until 2018 approved by the Government of the Russian Federation determined essential features of the implementation of budgetary policy in the planning period.

The main directions of budgetary policy for 2016 and for the planning period of 2017 and 2018 were developed in accordance with the Budget Code of the Russian Federation, taking into account the results of the implementation of budgetary policy in the period until 2015. Based on the Letter of the President of the Russian Federation to the Federal Assembly of the Russian Federation of December 04, 2014; Presidential Decrees of May 07, 2012; Main Activities of the Government of the Russian Federation for the Period until 2018; the Program for the Enhancement of the Efficiency of Public Financial Management for the Period until 2018; other state programs of the Russian Federation; the Main Trends of Tax Policy for 2016 and for the Planning Period of 2017 and 2018.

A distinctive feature of changes occurred in budgetary policy is a reflection of continuing activities as a result of the implementation of a set of measures presented in the Plan of Priority Measures to Ensure the Sustainable Economic Development and Social Stability in 2015, approved by the Executive Order of the Government of the Russian Federation No. 98-r of January 27, 2015.

The objective of the development of budgetary policy is to define the conditions adopted for the draft federal budget for 2016 and for the planning period of 2017 and 2018, approaches to its formation, the basic characteristics and forecasting parameters of the federal budget and other budgets of the budgetary system of the Russian Federation.

The solution of tasks in the medium-term within budgetary policy will be reflected in the legislative consolidation of regulations necessary for the implementation of measures to ensure the stability and balance of the budgets of the Russian budgetary system, as well as to improve the efficiency of budget costs.

The Budget Code of the Russian Federation defines the basics of budget classification, a common procedure for its application, establishes the classification of revenues, costs, sources of budget deficit financing, the general government sector, their codes, items, sub-items, etc. Subjects of the Russian Federation and municipalities have the right to itemize and establish the procedure for the application of the budgetary classification of the Russian Federation with regard to subordinate budgets (The Budget Code of the Russian Federation, July 31, 1998; Babich and Pavlova, 2012).

In 2015 the preparation of a new version of the Budget Code should be completed. This version is aimed at consolidating the results of the budget reform, which was started 15 years ago. The ultimate goal of this work is to adopt a stable and systematic codified act that is convenient for the enforcement.

The adjustments affected the conceptual apparatus as well, in particular:

The term "a source of budget financing" instead of "a source of budget deficit financing," since the sources are formed in both cases - when the budget balance is negative or positive.

The term "the budgetary system of the Russian Federation" will reflect not only the totality of budgets, but also participants in the budget process and budget relations.

The term "budget-holder" is replaced by the term "administrator of budget expenditures," as this participant of the budget process primarily controls the costs, but does not receive funds.

A new term "a recipient of funds from the budget" means an individual - A producer of goods (works and services), a legal entity (a budget and autonomous institution not participating in the budget process), or an individual entrepreneur, who receive funds from the budget.

A new term "a public commitment" Public obligations mean the obligation of a public legal institution to provide funds from the budget to an individual or a legal entity, other budget and a subject of international law upon grounds established by the Budget Code of the Russian Federation.

Expenditure obligations are public commitments to be recorded in the budget expenditures when budget planning, execution, accounting and preparation of reporting on budget execution.

Budget commitments are public commitments to be executed in a relevant fiscal year.

Financial obligations mean an obligation of the administrator of budget expenditures to pay a certain amount of funds to the

budget, an individual, a legal entity, an individual entrepreneur using public funds (Lavrov, 2015).

At the federal level strategic development goals are achieved within the framework of state programs that combine regulatory instruments and the budgetary allocations of the federal budget in order to achieve the objectives and results of the public policy in respective spheres.

Thus far the Government of the Russian Federation has approved 39 of 43 state programs (such state programs as “Development of the Pension System for the Period of 2017-2025,” “The Development of the Military-Industrial Complex,” “Ensuring the Country’s Defense,” “Socio-Economic Development of the Crimean Federal District for the Period until 2020” will be approved at a later date).

Taking into account common approaches to the formation of the federal budget and characteristics defining the volume of limited costs upon government programs and the non-program part, the structure and dynamics of the federal budget costs by items of classification of federal budget expenditures are characterized by the following data.

The functional structure of the federal budget expenditures in 2016-2018 is undergoing a number of changes.

The section “social policy” contains almost a third of all expenditures. The share of these expenditures will increase from 27.7% in 2015 to 31.8% in 2018, reaching its peak during this period. The most significant growth in the dynamics will amount to 16.2% in 2016 compared to 2015, due to the need to increase budget allocations for financing the indexation produced in 2015-2016 in the amount of 357.4 billion rubles.

The share of expenditure in the item “National economy” is gradually reduced from 14.2% in 2015 to 13.5% in 2018 due to reduction of anti-crisis spending.

Expenses under the section “Public and municipal debt management” increased significantly over the period of 2016-2018 (by 18.0% in 2016 compared to 2015, by 7.9% in 2017 compared to 2016 and by 11.3% in 2018 compared to 2017).

The deficit of local budgets causes anticipatory reduction in capital expenses in relation to the current ones. As a result, under-funding of investment costs, particularly the costs of complete repairs, actually leads to a constant increase in expenditures for current

repair of the municipal infrastructure. Resolving these problems is impossible without the strengthening of the revenue base of local budgets (Godin and Podporina, 2010).

Expenditures under the section “Housing and Public Services” are reduced by 32.3% in 2016 compared to 2015, by 54.5% in 2017 compared to 2016 and by 22.9% in 2018 compared to 2017, which is mainly due to the reduction of expenditures of the federal budget for the provision of asset contribution of the Russian Federation to the Housing and Utility Reform Foundation and the registered capital of JSC “Housing Mortgage Finance Agency,” as well as due to the reduction of public investments into capital construction projects upon certain federal target programs.

Expenditures indicated in the sections “Education” and “Health Care System” remain virtually unchanged.

Budget allocations under the section “Mass media” decreased in 2016 compared to 2015 (by 21.6%), due to the reduction of subsidies to the media and the implementation of the federal target program “Development of TV and Radio Broadcasting in the Russian Federation for the Period of 2009-2015” with regard to its completion.

Expenditures under the section “Physical culture and sport” will grow in 2017 compared to 2016 (by 13.7%) and reduce in 2018 as compared to 2017 (by 40.1%) due to the completion of a number of events on preparation for the FIFA World Football Cup in the Russian Federation.

In 2016, the federal budget deficit is planned in the amount of 1,906.2 billion rubles (2.4% of GDP), in 2017 - 1,733.9 billion rubles (1.9% of GDP), in 2018 - 665.9 billion rubles (0.7% of GDP).

The main sources of the federal budget deficit financing in the period of 2016-2018 will include public borrowings of the Russian Federation and funds of the Reserve Fund (Table 2).

Debt financing of the budget deficit through public borrowing system is basically a non-inflationary way to fill the gap between budget expenditures and revenues. Through the use of public borrowings the government redistributes the demand from certain groups of consumers to other ones, as well as between the different territories, not increasing the aggregate demand. This led to wide-spreading of this method of the budget deficit coverage (Razhivina, 2011; Kurchenko, 2014; Khadonov, 2011).

Table 2: The federal budget deficit financing sources, billion rubles

Indicator	2015		2016		2017		2018
	Law 93-FZ	Law 384-FZ	Project	Law 384-FZ	Project	(project)	
1	2	3	4	5	6	7	
The federal budget deficit financing sources, in total	2,675.3	476.3	1,906.2	540.9	1,733.9	665.9	
Including							
Reserve Fund (the use [+]/replenishment [-])	3,074.1	0.0	1,074.5	0.0	1,016.7		
Funds of the National Welfare Fund	19.7	21.9	21.9	24.9	24.9	24.9	
Other federal budget deficit financing sources	-418.5	454.4	809.8	516.0	692.3	641.0	

The dynamics of the main parameters of the budgetary system of the Russian Federation for 2016 and for the planning period of 2017 and 2018 is characterized by a decrease in revenue and expenditure in relation to GDP at the level of deficit below 1.0% of GDP in 2018.

It should be taken into account that conditionally approved expenditures of the federal budget (0.5 and 0.8% of GDP in 2017 and 2018) will continue to be distributed in specific areas based on public policy priorities that will lead to some clarification of these proportions.

4. DISCUSSION

Siluanov in his report on the draft federal budget for 2016 to the Chairman of the Government Medvedev D. specified a number of important points.

The budget for 2016 is made on the basis of the forecast of the Economic Development Ministry. If we consider the current situation, the Urals oil is almost at the forecast level - about \$50 per barrel, at the same time the current exchange rate is about 62 rubles per dollar, and in the forecast it will be 63.3 rubles per dollar. Approximately 1 ruble of the exchange rate is about 90 billion rubles of our revenue. If we consider the current situation and compare it to the next year, then we would not receive about 90 billion rubles of revenue. Therefore, the budget should be formed taking into account the conservative scenarios, a conservative approach in the sphere of the forecast formation and budgeting.

The budget of the next year has been formed in conditions of declining revenues, reduction of the revenue base. If we take our 3 years budget for 2015-2017 in part of 2016, the decline in revenues will be 2.2 trillion rubles. In comparison with the main directions of budgetary policy, revenues are reduced by the amount of 380 billion rubles. However, the expenditures do not reduce at such a pace. On the contrary, expenditures on the Main Directions of Budgetary Policy will increase by 72.5 billion rubles.

Under these conditions, next year the budget deficit will be 3% of GDP, or 2.36 trillion rubles. The main source of the budget deficit financing, as in the current year, will be the use of funds of the Reserve Fund. Next year 2.136 trillion rubles will be taken from the Reserve Fund, which will be spent on budget deficit financing.

In addition, we reserve the possibility to use up to 500 billion rubles from reserve funds in case if revenues or sources of the budget deficit financing are not implemented as we have planned.

One of the innovations is the ability to use external borrowings, primarily borrowings that will interest our Asian partners; the possibility of access to foreign markets in the amount of up to 3 billion US dollars has also been taken into account.

The total amount of internal and external borrowings remains unchanged. We see the risks of significant redistribution of resources through the budget by using massive internal borrowings,

thus we offered to reduce the amount of national sources of the budget deficit financing at the expense of external borrowings.

In addition, we have included in the budget the formation of two funds as an innovation.

The first fund will support the sectors of economy. We have already distributed part of the funds: 75 billion rubles from the fund were spent on supporting agriculture in order to fulfill an order not to reduce the volume of agriculture expenditure, compared to the level achieved this year. 237 billion rubles have been already included in the budget for next year. Therefore, we have already distributed part of the funds, according to Siluanov A.

Next year we plan to increase the funds of this Fund in the amount of 150 billion rubles, on the basis of three positions. The first position is due to possible carryover from the current year for the following year. In case of carryover, we will place these funds in the Economy Support Fund.

We have also planned to include in this Fund up to 30% of funds obtained from additional non-oil sector revenue of the next year, as well as to direct part of funds, taking into account their use by our companies, corporations, which are to be provided with funds in their authorized capital. We shall transfer funds taking into account the implementation of the tasks, for which funds to be disbursed were allocated in the current year. It means if there are balances in companies and corporations allocated in the current year or in previous years, then next year we propose to adjust the volume of money transfers in the capital of these corporations in the next budget cycle. Therefore, the Economy Support Fund could be increased up to 150 billion rubles.

In addition, the second fund is created by the extension of the moratorium on contributions to the funded component of the mandatory pension insurance system. This fund amounts to 342.2 billion rubles, and resources of this fund will be used if necessary upon decisions of the Chairman of the Government or the President of the Russian Federation.

We have increased the budget deficit up to 3%; this increase in expenditure was 175.8 billion rubles. A part of expenditures that have been previously proposed for optimization, reduction on national security, has been redressed in the amount of 165 billion rubles and the allocations to ensure housing for the Great Patriotic War veterans have been increased by 10 billion rubles. Next year we have to complete this program. All obligations will be fulfilled, and all veterans in need for better housing conditions should be provided with housing.

A part of allocations has been redistributed, it means the allocation of funds for the program on eliminating the consequences of the destruction of chemical weapons to provide energy-efficient organizations of the Khabarovsk Territory with compensations as a result of growth in gas prices associated with the change in the ruble exchange rate, since the gas comes from the Sakhalin projects and its price increased as a result of changes in ruble exchange rate towards other currencies. Additional funds were

allocated for the creation of infrastructure for the Floating Nuclear Power Plant in Chukotka, as well as a number of other positions. All this has already been included in the budget and the relevant allocations have been listed.

In conditions of decline and deterioration of the external economic situation, we have previously planned to adapt the budget to changes in external conditions within 3 years. The budget for the current and next year takes into account new economic realities and it must be adapted to new economic conditions, so we need to be extremely assertive in making decisions on allocations - both additional allocations and allocations aimed at redistributing the savings that will occur during the next year's budget execution (Proceedings of the Session of the Government of the Russian Federation No. 36 2015; Official Website of the Federal Tax Service, n.d.; Official Website of the Accounts Chamber of the Russian Federation, n.d).

5. CONCLUSION

The trend of reduction of budget expenditures of the Russian budgetary system in the period under review fully complies with the requirement set out in the Main Areas of Activity of the Government of the Russian Federation for the Period until 2018: To reduce the share of consolidated budget expenditures to 35% of GDP, primarily by means of bringing the federal budget commitments into compliance with the economic situation.

It is expected that the decline in the share of public expenditure in GDP, primarily the reduction of inefficient expenses, could lead to higher rates of growth of the Russian economy in the medium term. The draft federal budget for the period of 2016-2018 formed on the basis of the above areas of budgetary policy should become one of the basic instruments of control over national reforms; it should also contribute to structural economic changes, stimulate economic growth, create conditions for the imports phase-out and activation of private investments.

An increased level of requirements to the balance the budgets of the Russian budgetary system assumes implementation of a comprehensive approach to ensure the sustainability of the budgets, increase flexibility of budgetary expenditures and expand the boundaries of the budget maneuver.

The implementation of measures on improving the efficiency of budget expenditures presented in the Main Directions of Budgetary Policy will be based on the stronger interrelation between performance and the amount of budget allocations, as well as on active reformation of the instruments used for budgetary policy implementation. Measures to improve the quality of the provision of public services, public procurement procedures, pre- and post-state financial control should be implemented.

An essential condition for the effective implementation of the formulated budgetary policy in the coming period is to ensure

the widespread involvement of citizens in discussing and making budget decisions, public control of their effectiveness and efficiency.

It will be possible to talk about the effectiveness of new budgetary policy after the expiration of the forecast period; then the analysis of accuracy of forecasting about the foreign economic situation and the relevance of the anti-crisis measures should be made.

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