

# Socio-Economic Benefits of a Development of Muslim Goods Market in Russia

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**Abstract**—The muslim goods market is becoming an important component in the retail trade of Russia. A share of this market doesn't exceed 5%, however it doesn't negate the fact that the country's population needs the offer of muslim goods, and the country's budget is replenished due to the development of this market. Despite all this, there is no program of a development of the muslim goods market in Russia. It creates a chaos in the actions of its participants. That is why this article proposes a set of priority directions for the sustainable development of the muslim goods market in Russia: an increasing the country's gross domestic product and a competitiveness of the economy, an attracting foreign capital and a developing export. It will allow to achieve social and economic results, the main of which are an increasing of the muslim goods market and an import substitution, an increasing of an obligatory islamic contribution (zakat) and a supply of muslim goods.

**Keywords**—socio-economic benefits, Market of muslim products, Halal, Islam.

## I. INTRODUCTION

Today the muslim goods market is an important part of the russian economy, which is capable to give social and economic benefits to the entire country. At the same time, modern Muslims are trying to adhere to religion, especially the young generation under 30 [4].

I studied in detail the specifics of economic restrictions in Islam in previous science articles [8, 9], and also, I analyzed the muslim goods market in Russia [7, 10].

I identified four main priority directions of a development of the muslim goods market in Russia (Table 1).

TABLE I. PRIORITY DIRECTIONS OF THE DEVELOPMENT OF THE MUSLIM GOODS MARKET IN RUSSIA

Priority directions	Main goals
An improving the efficiency of the regulation of the muslim goods market	An establishment of unified mandatory requirements for food products standards
	A creation of standards for non-food products
	A preparation of the bill on the muslim goods market
A development of the system of institutional provision of the muslim goods market	A creation of a scientific institute
	A publishing of a scientific journal
	A creation of a mobile app
	A development of associative forms of a cooperation

	An establishment of a laboratory to study the composition and quality of muslim goods
An organization of promotion of muslim goods	An emergence of large wholesale organizations
	A development of an integration processes in the CIS
	An entering the markets of foreign countries
An increased awareness of muslim goods	An implementation in an educational curricula
	An increasing of a number of refresher courses
	An increasing of a number of information journals
	A growth of a number of scientific conferences

## II. RESEARCH PART

The results of the implementation of the priority directions of the development of the muslim goods market in Russia can be divided into two main directions (see Fig. 1).

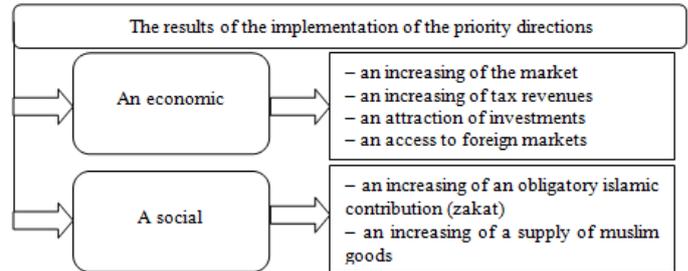


Fig. 1. The results of the implementation of the priority directions of the development of the muslim goods market in Russia.

However, I will investigate the most important results.

### 1. The increasing of the muslim goods market.

This result should be conditioned in the course of solving various tasks within the priority directions. However, it is important to increase the effectiveness of regulation of the muslim goods market in Russia. I will single out two main aspects:

- there are many organizations don't have certificates;
- an inefficient organization of the certification process.

I conducted an analysis of certifying organizations in Russia. I learned that the 3 largest organizations issued certificates in the meat-halal market for 109 organizations. There are few organizations that have the certificate «Halal» in the muslim republics (Chechnya, Ingushetia and Dagestan). Therefore, it is possible to assume that a large number of organizations trade

without the marking «Halal» but declare that the muslim goods correspond to Islam.

At the same time, the presence of marking «Halal» can increase revenues in the local area where Muslims live. So, recently known catering organizations «McDonald's» and «Burger King» in Singapore increased sales by 20% after they began using the marking «Halal» [1].

The russian market of meat-halal amounted to 1,281.2 million US dollars in 2016. If we compare the russian and european markets [6], we can establish that only 75% of the companies have the marking «Halal» on the meat-halal market. Accordingly, when they receive a certificate, the total revenue can increase by 64.1 million US dollars ( $1,281.2 \times 25 \div 100 \times 0.20$ ).

I conducted survey in 2016 to find out reasons for this situation. I asked Muslims from different cities of Russia (Moscow, Kazan, St. Petersburg etc.) the question «Do you pay attention to the marking «Halal» when buying goods?». The analysis of the data obtained showed that of those who pay attention to the marking «Halal» (92%), more than a half (60%) don't trust it fully and prefer to learn from producers independently. From an interview with consumers, it has been established that some of them substitute meat with other products (fish, eggs and so on). Other Muslims conduct independent work to clarify the issues of slaughter, composition etc. Respectively, 60% of the population is a serious growth reserve.

Hence, if consumer trust will increase, then revenue may increase by 60% (excluding inflation, population growth etc.) and reach 768.7 million US dollars ( $1,281.2 \times 0.6$ ). Considering the previously recommendations, the muslim goods market (especially meat-halal) may reaches 13.8% of the russian market, that corresponding to the share of Muslims in Russia. Thus, as a result of the implementation of the priority directions, the muslim goods market may increase by 832.8 million US dollars or by 65% (Table 2). It is important to take into account that all factors correlate with each other, and processes occur at different times. In addition, I analyzed the impact of only a few tasks that I can calculate.

The potential capacity of the consumer meat-halal market will increase with the population growth by 2030, which will be 18.6 million people, excluding migrants [5]. Therefore, the market will amount to 3,973.4 million US dollars. At the same time the market due to growth of the population will increase for 24% [ $18.6: 15 \times 100$ ] and will amount to 1,588.7 million US dollars and taking into account the proposed recommendations – 2,537.5 million US dollars. I made a forecast of the increasing of meat-halal market in Russia (Table 3).

TABLE II. GROWTH OF THE MARKET OF MEAT-HALAL AS A RESULT OF IMPLEMENTATION OF PRIORITY DIRECTIONS

Tasks	Influence of the factor on market growth	
	USD million	%
An increasing of certificates	64.1	5
An increasing of a consumer trust	768.7	60
Total	832.8	65

TABLE III. THE FORECAST OF THE INCREASING OF THE REAL CAPACITY OF THE RETAIL MEAT-HALAL MARKET IN RUSSIA FOR 2030, USD MILLION

Index	2016	2030	Absolute deviation	Growth rate, %
The real capacity of the market	1,281.2	2,537.5	1,256.3	198.1
The potential capacity of the market excluding migrants	3,299.1	3,973.4	674.3	120.4
The deficit	2,017.9	1,435.9	-582	71.2

The analysis of the data obtained shows an increase in real capacity by 98.1% due to the proposed recommendations and population growth. The deficit in the market will decrease by 28.8%.

2. The increasing of an obligatory islamic contribution (zakat).

The increasing of an obligatory islamic contribution as a result of implementation of priority directions is projected for two reasons:

- an increasing of assets of organizations;
- an increasing of religiosity of Muslims;
- an increasing of religious literacy of the population.

All this can solve the following social problems:

- an assistance to the population being below the poverty line;
- an assistance to invalids;
- an assistance to orphans;
- an assistance in teaching students in Russia and abroad, who do not have the ability to do this.

The amount of commodity inventories in retail trade was 20.7 billion US dollars at the end of 2016 [2, 11, 13], of which 1.7% – in the meat market, 12.8% – clothing and footwear. The inventories in the meat-halal market amounted to 10.1 million US dollars, and in the muslim clothing and footwear market – 146.2 million US dollars. Respectively, zakat was equal to 3.9 million US dollars in 2016 only in the meat-halal and muslim clothing markets.

### III. CONCLUSIONS

The achievement of the priority directions of the development of the muslim goods market in Russia will allow to reach economic and social results. The forecast implies an increase of the market, a reduction of the deficit and an increase of charitable donations.

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