

Investment Attractiveness of the Region

T. E. Rodina

Engineering and Economics Institute of the Bryansk state engineering-technological University
Bryansk state engineering-technological University, BS
Bryansk, Russia

Abstract— The article deals with the problem of activation of the investment process of the region as one of the key in the system of economic relations of the country. The dynamics, types and principles of investment activity as the main factor of production and condition of implementation of strategic and tactical tasks of development of the Bryansk region are studied. The study showed that the investment attractiveness of the region has a moderate risk and reduced potential, which does not allow to fully interest not only large investors from Russia but also foreign countries. The dynamic analysis of the volume of investments made it possible to estimate the amount of required funds for investments. The main directions are defined and the necessity of carrying out actions for increase of investment attractiveness and retention of financial means in the territory of the region is proved, the directions of their realization are developed.

Keywords— Investments, activity, investments, potential, region, financing, economy

I. INTRODUCTION

In today's world, nearly every region has asked its investment attractiveness, because of the expense of raising funds, improving the standard of living of the population, there is a rise in wages, creating new jobs, attracting tourists to the region, increase the gross regional product (GRP) and other positive things in General for the region and for the country. Investment attractiveness of regions-characteristics of certain regions of the country and their investment climate, the level of development of investment infrastructure, opportunities to attract investment resources and other factors that significantly affect the formation of return on investment and investment risks. The studied problem is actual.

The purpose of the research is to study and develop ways to increase the investment attractiveness of the Bryansk region.

The novelty of this work is a comprehensive assessment of the impact of socio-economic factors on the investment attractiveness of the Bryansk region, as well as proposals for solutions to existing problems.

The practical significance of this study is a detailed investment evaluation of the Bryansk region in order to attract investors.

To analyze the level of the investment process in the Bryansk region, it is necessary to study the socio-economic situation of the region, for the characteristics of which it is

possible to apply such a macroeconomic indicator as the gross regional product [1, 2, 3, 4, 5, 6].

It is possible to trace stable growth of volume of a gross regional product that testifies to increase of investment potential of the Bryansk region and priority of investment investments at the regional level. In 2017 compared with 2014, the total volume of GRP has increased at 72.9 billion RUR or in relative terms to 1.29 times. Also, the investment attractiveness is influenced by the index of industrial production.

The index in 2016 was in the industrial sector of the economy 118.5% compared to the 2nd quarter of 2015. In the Central Federal circle on this index Bryansk oblast took the second place in Russia - the fourth, which is a positive thing for the region [7, 8].

The growth of investment activity in the region is determined by investment activity. The investment activity of the Bryansk region has shown the following growth rates. The index of physical volume of investments in fixed capital of agriculture: 2014 – 78.9 %; 2015 – 23.0 %; 2016 – 110.1 %.

Due to the increase in the volume of gross regional product in the Bryansk region has increased significantly the volume of investments in fixed assets, the dynamics of which is shown in figure 1.



Figure 1 – Volume of investments into the fixed capital of the Bryansk region for 2014-2017 years, mln. rub.

Bryansk region is one of the potentially promising regions for investment. For over a decade, the investment climate in the region has been in the area of close attention of the regional administration. One of the fundamental directions that ensure the formation of a favorable investment climate is the state support of investors, provided by law and information [9].

The main share of investments in fixed assets of the Bryansk region went to agriculture and forestry – 46.6%, manufacturing production received about 19%, and almost 12% of investments came to the sphere of transport and communications. Over the past three years, the share of investments in the production and distribution of electricity, gas and water has steadily increased to 5%. Among the total volume of investments of the minor are income to invest in education, construction and financial activity of the region [10, 11, 12].

The most common investor in the agro-industrial complex (agribusiness) is Miratorg holding. Thus, he financed the most resource-intensive projects, which include a project to create a complex for the production of high-productive beef cattle and complex for slaughter and primary processing of cattle, initiated by LLC "Bryansk meat company", and the amount of funding amounted to 20.6 billion. rub., also the project on creation of a complex on cultivation, slaughter and processing of meat of broiler chickens, in this project the initiator was LLC Bryansk broiler where the volume of financing made 14.9 billion rubles [13, 14].

In 2017, according to the sources of financing in the context of the investment structure, the main share falls on the attracted funds. Several major successful investment projects were carried out in the Bryansk region:

- JSC "Management company" BMZ " (organization of production of main cargo locomotives);

- LLC "Bryansk meat company", LLC "Bryansk broiler" (projects for the production and processing of meat, with the implementation period until 2024);

- JSC "Proletariy" (construction of plant for production of corrugated Board);

- JSC "Novozybkovsky machine-building plant" (production organization of railway rolling stock, up to 2027) and other projects.

Among other major investors of this sector, the investor also stands JSC "Chicken Kingdom-Bryansk" ("Cherkizovo group"). They are engaged in projects on development of broiler poultry farming (the volume of financing of the first stage of the project – 2,4 billion rubles, the second stage – 2,8 billion rubles). LTD. "King-Meat" has sent their funds for the construction of pig-breeding complex for 7590 sows and a breeding farm for 1800 sows, the volume of this financing totaled 5.07 billion RUB LLC "Friendship" is planned to implement projects such as the construction of two pig complexes in 50 thousand goals in each year, the construction of the slaughterhouse with the point of primary processing of farm animals by providing the following funding amounts to 3.6 bn RUB.

The most resource-intensive projects of the machine-building industry were recognized as the projects planned for implementation in Novozybkovsky and Klintsovsky districts, where it is necessary to carry out the following activities. The first of them is the organization of production of railway rolling stock, in which the initiator was JSC "Novozybkovsky machine-building plant", which allocated the amount of 4

billion rubles. In addition, it is necessary to organize the production of rail freight cars in JSC "Novozybkovsky plant "Inductor", the initiator of this event-LLC "Railtransholding", the amount of financing amounted to 1.5 billion rubles. the Third event was the creation and development of serial production of military cranes, crawler cranes, tower cranes and rifle cranes with a capacity of 40 tons or more, increasing the production of modernized cranes with a capacity of 25 tons, the initiator was OJSC "Klintsovsky crane plant", and the amount of its financing amounted to 0.8 billion rubles.

The largest investment projects in timber industry complex are: the construction of a new plant, chipboard and laminated chipboard in Dyatkovo district, the initiator of the project – JSC "Dyatkovo-DOZ", with the funding of 1.8 billion rubles and reconstruction KDM No. 5 and modernization of workshop No. 1 for the production of cartons in Surazh district, the initiator – JSC "Proletarian", the amount of financing of the project amounted to RUB 1 billion.

The most resource-intensive investment projects in the production of building materials. These include the construction of a plant on production of ceramic brick by dry pressing in the Bryansk district, the initiator – LLC "Brainstorming", funding – 0,6 billion rubles and the construction of the plant of ceramic products in g. Kliney, was initiated by LLC "Plant of ceramic products" and the amount of financing amounted to 1.9 billion rubles.

Most of the investment projects in the Bryansk region are also represented by projects in the field of agriculture, which allows us to trace the high attractiveness of this industry for investors of all sizes. Also, a significant proportion of the total number of investment projects are related to projects related to the timber industry and the production of building materials. The analyzed region is characterized by a high reserve of these resources.

On the territory of the region there is a program "increasing the investment attractiveness of the Bryansk region" (2014-2020). For implementation of this state program is responsible the Department of economy of the Bryansk region. Financing of the state program for 2017 at the expense of the regional budget is provided by 4.9% more than the amount of funding for 2016.

The growth of economic activity of the region is influenced by many different factors, but one of the most important is the attraction of foreign funds in the production sector of the economy of the region.

The dynamics showed an increase in the volume of foreign investments to 90180.7 thousand US dollars, i.e. 136.7% by 2013. In the context of some types of direct investments increased and amounted to 20924,8 thousand US dollars, i.e. 140.4%, portfolio investments increased to 9.7 thousand US dollars, growth exceeded its volumes by 2.4 times, and other investments increased to 69246,2 thousand US dollars, i.e. 136,3%.

A significant amount of funds allocated for the implementation of various budget-targeted programmers. Basically, this serves only the interests of a relatively small number of organizations that can not solve the problem of

investment attractiveness of the region as a whole.

The lack of detailed information about enterprises-producers and potential investors, also affects the important role in the course of investment processes in the region and sometimes it creates some difficulties in the effective search of organizations and large companies for fruitful cooperation. Such factors as the absence of a clear economic policy, fluctuations in the ruble exchange rate and geopolitical tensions influenced the decrease in investment activity of the Bryansk region in comparison with other regions of the Central Federal district [15, 16].

After analyzing the rating of investment attractiveness of territorial units of Russia for 2016, it can be concluded that the Bryansk region has a low potential and moderate risk.

Regions from the Central Federal district, which received a similar rating, were such areas as Kaluga, Tver, Ryazan, Yaroslavl, Kursk, Vladimir and Smolensk. In the overall rating, according to the indicator of the investment potential of the Russian regions for 2011-2017, the Bryansk region took the 41st place, in 2010-2011 - the 45th place, which proves the increase in the investment attractiveness of our region, and in terms of investment risk – the 34th place, although in 2010-2011 took the 47th place, which also indicates an increase in the volume of attracted investments.

Experts from rating Agency has put forward as a maximum of private potentials of the region are the following: infrastructure that is characterized by a high density of railway tracks in the region, also highlight the financial and consumer; and at a minimum included the natural resource and manufacturing.

This investment potential of the regions takes into account the main macroeconomic characteristics.

1. Innovative (its share is estimated at 50% in the Bryansk region). This segment reflects the capabilities of enterprises in the region to implement and develop innovations. The position of enterprises of each district in the ranking was determined taking into account the number of innovation-active enterprises located in its territory (research institutes, leading the work, share in the production of agricultural products, etc.). Leaders in innovation are OJSC "Snow" Bryansk enterprises in the district, SPK AF "Culture" the Bryansk region, "Progress" Klintsovsky district, etc.

2. Institutional capacity (29 per cent of the total). This segment is characterized by the presence in the territory of structures that provide conditions for investment activity of economic entities (agricultural cooperatives, various branches of Sberbank of Russia – the share of banks engaged in lending to the agricultural sector). Leaders in institutional capacity is Bryansk areas.

3. Infrastructure (its share is 10%) reflects the development of the road infrastructure of the district. It is determined on the basis of the density of roads per 100 km of territory and the proportion of paved roads in the total length of roads in the area. Indicators leaders are Karachevsky, Brasovsky, Sevskiy, Klintsovskiy, Unechskiy areas.

4. Consumer potential (its share is 42%). This segment

reflects the possibility of enterprises selling agricultural products and is characterized by the following indicators: area; availability of agricultural production cooperatives; average per capita income. The leaders of the consumer potential – Bryansk, Dyatkovo, Sevskiy, Unechskaya that Zhukovsky, Pogarsky districts.

5. Natural resource potential (68%). This segment characterizes the provision of the area with natural resources used in agricultural production. This is the area of agricultural land and arable land, the amount of organic and mineral fertilizers applied per 1 hectare of arable land. In this segment leaders are Starodubskiy, Bryansk, Komarichsky, Pogarsky, Trencovski, Unechskiy areas.

6. Production (54%). This segment reflects the capacity of the area to produce agricultural products, which is measured by indicators such as value of fixed assets, gross crop and livestock production by type, yields of major crops and animal productivity. Leaders in the productive capacity are starodubskiy, Dyatkovo, Bryansk, Unechskaya, Trencovski, Pogarsky districts.

7. Labour potential (44%). Characterizes the security of agricultural enterprises human resources. The leaders of the labor potential of Bryansk, Dyatkovo, starodubskiy, Komarichi, Pogarsky, Pohep and other areas.

8. Financial and economic (46%). Shows investment opportunities of the district. They are estimated by financial indicators (balance profit, profit per economy, the share of profitable farms, profitability, security of own working capital, the amount of accounts payable), as well as productivity indicators and other criteria. Leaders are Bryansk, Starodubsky, Dyatkovsky, Pogarsky, Dubrovsky areas.

Investment risks in the Bryansk region has an unsatisfactory criminal and financial. In our region, 97 investment projects are planned to be implemented, this number is made without taking into account the already implemented or excluded from the register of investment projects of the Bryansk region, as well as 7 programs constantly formed by the Department for economic development of the Bryansk region. These projects are aimed at various spheres of activity such as production of construction materials, food industry, agriculture, mechanical engineering.

After analyzing the economic characteristics of the Bryansk region, it should be noted that it is one of the most important regions for the territory of the Russian Federation, because its territory is well developed agriculture (agro-industrial complex) and foreign trade. However, the process of reducing the volume of foreign trade turnover of the Bryansk region, but it occupies a high position in the table of regions and regions of the Russian Federation.

The main competitive advantages of the region, which create the preconditions for a successful partnership, the network is: a favorable geographical location in the Central part of Russia on the border with Belarus and Ukraine; the presence of large railway junctions; developed network of motorways. The regional government identifies the following areas of regional investment policy.

The first is the completion of the implementation of the regional Standard of the Executive authorities of the Bryansk region to ensure a favorable investment climate in the region. The direction assumes expansion of sources of investment, increase of efficiency of investments, development of all regional infrastructure with use of mechanisms of the public-private partnership.

The second area of regional investment policy is the development of the regulatory impact assessment Institute. It promotes introduction of business and investment activity, and also the provisions promoting emergence of unreasonable expenses of subjects of business, investment activity and the budget of area.

The third direction – intensification of work to improve the business climate in the region. Here, the regional Government is working to reduce administrative barriers. In order to introduce a transparent procedure of interaction between investors and authorities on the principle of "one window", a normative document was adopted, which allows to reduce the period of documents passing.

The main direction of increasing the investment attractiveness of the Bryansk region is the involvement of municipalities in the investment process: the gradual updating of the existing register of abandoned land plots, as well as unclaimed or partially in demand industrial facilities suitable or partially suitable for the creation of new production facilities in the Bryansk region [17, 18].

CONCLUSION

To increase the investment attractiveness of the Bryansk region requires the following actions.

1. Expand the public-private partnership sector. It is necessary to develop close cooperation between the bodies of state investment authorities and business. This will allow the authorities at the territorial level to solve strategically important problems of the region without additional costs, as well as to increase its competitiveness.

2. It is necessary to form a "business card" of the Bryansk region to attract investment funds. In the modern world, the image of the region is most often associated with the level of its cultural and socio-economic profile from the position of priority for the investor.

3. One of today's pressing problems is investment risk. This is the risk of depreciation of capital due to the actions of government and public authorities, inflation, changes in the ruble and other reasons that need to be neutralized to the maximum. It is necessary to take measures to reduce the investment risk in the Bryansk region.

4. To stimulate economic, social and cultural development of the Bryansk region. By government intervention and actions of private organizations to raise up to a certain level of development of the Bryansk region in all spheres of society.

5. To widely introduce innovations and new technologies,

to stimulate innovation in the economic sector.

6. To form an effective system of measures of state influence on the investment attractiveness of the Bryansk region, taking into account the peculiarities of development.

These events will significantly revive the investment sector of the region's economy. In modern conditions, the priority areas of investment are the construction industry, housing and communal services, production, primarily transport, social, recreational and environmental infrastructure, conversion of enterprises of the military-industrial complex [19, 20].

References

- [1] Ageenko A.A. Methodological approaches to assessment of investment attractiveness of sectors and individual businesses // Questions of statistics. 2013. No. 6. C. 48-52.
- [2] Bakihanov A.N. Investment attractiveness of the region: methodological approaches and assessment / A.N. Bakhtiarov, S.Filin // Investment in Russia. 2014. No. 5. C. 12-24.
- [3] Bass T. Planning and financing of economic development of regions: theoretical and methodological foundations. M.: Voronezh: vgpu, 2013. 160 p.
- [4] Zinchenko A.P. Utilization of productive potential in the private sector of agriculture // questions of statistics. 2013. No. 4. Pp. 21 – 26.
- [5] Indris A.B. Investment policy on the territory of the municipality. M: publishing House "Municipal power". 2014. 105 p.
- [6] Podshivalenko G.P. Investment activity: textbook / Ed.edited by G. P. Podshivalenko, N. In. Kiseleva. M.: KNORUS, 2014. 432 p.
- [7] Investment attractiveness of the Bryansk region [Electronic resource]. URL: <http://invest32.ru/>
- [8] Results of social and economic development of the Bryansk region for 2013-2017 [Electronic resource]. URL: <http://www.bryanskobl.ru/>
- [9] About investment activity in the Russian Federation performed in the form of capital investments: the Federal law of 25.02.1999 No. 39–FZ [Electronic resource] (edition of 26.07.2017) [Electronic resource]. URL: http://www.consultant.ru/document/cons_doc_LAW_101534
- [10] Department of economic development of the Bryansk region [Electronic resource]. URL: <http://econom32.ru/>
- [11] The official website Of the Department of agriculture of the Bryansk region [Electronic resource]. URL: <http://selcom.ria-link.ru/>
- [12] Official site of Territorial body of Federal service of state statistics in the Bryansk region [Electronic resource]. URL: <http://bryansk.gks.ru/>
- [13] Portal of small and medium enterprises of Bryansk region [Electronic resource] access Mode: <http://www.mb32.ru/>
- [14] The government of the Bryansk region [Electronic resource]. URL: <http://www.bryanskobl.ru/>
- [15] Official website of the Federal state statistics service [Electronic resource]. URL: <http://www.gks.ru/>
- [16] The socio - economic situation in Bryansk region [Electronic resource]. URL: <http://bryansk.gks.ru/>
- [17] Burov V.P. Business plan. Methodology: a tutorial. Ф М.: Academy, 2013. 88 p.
- [18] Domrachev A.K. Interrelation of economic and social efficiency / *Ekonomika SEL'skogo khozyaystva Rossii*. 2013. No. 11. C. 58-62.
- [19] Savitskaya G.V. Analysis of economic activity of the enterprise: textbook. Ф м.: INFRA-M, 2014. 345C.
- [20] About the approval of Strategy of development of small and medium entrepreneurship in the Russian Federation for the period till 2030: the Order of the Government of the Russian Federation of June 2, 2016 No. 1083-p (edition of 08.12.2016) [Electronic resource] access Mode: <http://rulaws.ru/government/>