




# Investment Policy in the Transport Sector and Its Impact on the Economic Development of the Region

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**Abstract.** The scientific paper is devoted to the study of investment processes in the transport sector at the regional level and their impact on the economic development of the region. The scientific work reveals the relevance and importance of attracting investment in the transport sector of the economy and increasing investment attractiveness. An assessment is given to investment processes in the Chechen Republic through an analysis of attracting investments in the fixed capital of the region over the past two years. Based on the analysis, conclusions were drawn and proposals were developed aimed at improving the investment policy of the region.

**Keywords:** Investment process · Investment policy · Investment attractiveness · Transport sector of the economy

## 1 Introduction

To attract investment in the country's economy, it is necessary to increase investment attractiveness for external investors. Investment attractiveness is understood as the presence of such investment conditions that affect the investor's preferences in choosing one or another investment object.

International monetary and financial relations in market conditions are an important object and system-forming factor of economic globalization. With the gradual development of world economic relations, investment capital, as an element of the world economy, has become a conductor and catalyst for the international division of labor and the transnationalization of business. If at first the basis of the internationalization of the world economy was trade relations, then at the present stage, it is the movement of capital that is one of the determining factors of international economic relations. This is explained by the gradual predominance of non-material production and the service sector over traditional types of production, which accumulates significant financial resources, and the deepening of international economic integration with an increase in global economic entities, which requires significant financial support for market reforms, restructuring and modernization in countries of the world, primarily of a transitional type.

There are many interpretations of the investment process in the scientific literature. A simplified explanation of this concept is shown by V.S. Galaktionov, according to

which the investment process is a mechanism for bringing together a potential investor (the owner of temporarily free funds) and a recipient of capital (the one who is in demand) [1]. A.R. Bikbaeva in her work explores the concept of “investment process” and defines it as a complex economic category that characterizes the socio-economic state of the country and allows modeling its future [1]. An in-depth study of the essential characteristics and interdependencies of these concepts was made by O.V. Nikulina and A.V. Klygina. In particular, under the investment process, researchers understand:

1. An integrative mechanism for the formation, exchange, distribution and practical use of investment resources;
2. A system of relations regarding savings, accumulation and investment.

Scientists also note the relationship between investment and reproduction processes, which is provided through savings [2]. From an institutional point of view, the investment process is a network of specialized financial institutions and a system of financial markets, thanks to which savings are transformed into investments. The famous scientist D.M. Pogosyan understands the “investment process” as the interdependence of investment stages (cycles) that are interconnected, justification and implementation of investment projects. The investment process as an economic category acts as a link between the financial and production components of the economic process. As noted by Yu.G. Lesnykh, N.V. Pogrebnyak, D.V. Rysukhina, S.S. Chuev, “investment is not only the movement of money as investment resources from one subject to another, but also the mandatory use as real capital. That is, the investment process is an important component of expanded production: from money circulation to the creation of material wealth and economic growth.

So, summing up the above definitions, we note that the investment process is considered to be a capital-creating process in material and intangible form, which objectively requires regulation and control by the relevant state institutions, the degree of influence of which depends on the level of development of the country’s economy, the state and structure of the system of the financial and economic sector, and participation in the international capital market. That is, at different times in the development of the transition economy, the transformation of the transition economy model to a market economy with free competition, regulatory pressure will weaken. This is important not only considering the risks of transformation, but also the importance of the gradual and balanced formation of market mechanisms in the economy [3].

Investments are also an important factor for the development of a particular region within the country. Speaking about investments, it should be understood that the attractiveness of the region in terms of investment attractiveness is influenced by many factors [4].

## 2 Materials and Methods

In order to obtain an objective assessment of investment processes in the region, it is necessary to analyze investment in fixed assets in the region in recent years and trace the dynamics of attracted investment funds.

According to preliminary data from Chechenstat (Federal State Statistics Service for the Chechen Republic), the total volume of investments in fixed assets in 2020 amounted to 76,004.0 million rubles (the index of the physical volume of investments in fixed assets compared to the corresponding period last year was 100%). Of the total investments, extra-budgetary funds amounted to 49,274.01 million rubles.

In the total volume of investments, a significant share falls on investments in the education system (13.0 billion rubles). One of the components of the formation of the volume of investments in fixed assets is the implementation of investment projects.

The largest of them:

1. “Construction of the Palace of Receptions named after Daguna Omaev”, Grozny, Sheripova str. (initiator – the Ministry of Culture of the Chechen Republic, total investment – 3.2 billion rubles, 18 jobs).
2. “Creation of the Kazbek innovative construction technopark” (objects of the first stage), Shalinsky district, Chiri-Yurt village (initiator – PKF Kazbek LLC, total investment – 1.2 billion rubles, 40 jobs).
3. “Multi-apartment residential complex” (stage 1), Grozny, Saykhanova str.” (initiator – EvroStroy-S LLC, total investment – 479.0 million rubles, 30 jobs).
4. “Multi-apartment residential complex” (stage 2), Grozny, Saykhanova str.” (30 jobs) (Table 1).

The volume of planned investments of anchor residents of the SEZ TRT “Veduchi” will amount to 3.1 billion rubles. The budget investments of the expanding SEZ TRT “Veduchi” in the creation of infrastructure will amount to 0.6 billion rubles.

Each target model is a set of mandatory target indicators (terms, number of procedures) for key factors that have the greatest impact on improving the investment and business climate in a constituent entity of the Russian Federation.

Responsible executive authorities of the Chechen Republic, local self-government bodies of municipalities of the Chechen Republic, territorial bodies of federal executive authorities, as well as resource supply organizations are involved in the process of implementing the relevant target models on the territory of the Chechen Republic.

Information on the achievement of the planned values of the factors of the target models by the responsible executors is quarterly posted on the Region-ID electronic trading platform.

According to preliminary data posted in the Region-ID system, the implementation of factors of 8 target models in the Chechen Republic for 2020 amounted to 92.4%.

According to preliminary data from Chechenstat, the total volume of investments in fixed assets for the 1st quarter of 2021 amounted to 9,598.62 million rubles (the index of the physical volume of investments in fixed assets compared to the corresponding period last year was 155%), the ratio to the same period in 2020 was 157.7% (total investment in fixed assets for the 1st quarter of 2020 – 6,086.90 million rubles). Of the total investment, extra-budgetary funds amounted to 6,787.12 million rubles, the ratio of extra-budgetary investments to the same period in 2020 was 136.4% (extra-budgetary investments for the 1st quarter of 2020 - 4,462.27 million rubles) [5].

**Table 1.** The main indicators of the socio-economic development of the Chechen Republic for 2020 and January–June 2021 [4]

Indicators	Unit of measurement	2020	January–June 2021	January–June 2021 in % compared to January–June 2020
Gross regional product (estimate)	mln rub	203.3		
Permanent population	thousand people	1478.7	1506.7	
The volume of shipped goods of own production, works and services performed on their own – total	mln rub	121404.9	63764.6	111.0
The volume of shipped goods of own production, works and services performed on their own (industrial production) – total:	mln rub	42920.6	23630.7	108.0
including by type of economic activity	mln rub	4582.2	2104.1	91.9
– mining				
– manufacturing industries	mln rub	11016.8	5678.0	104.4
– provision of electric energy, gas and steam; air conditioning	mln rub	25597.1	14617.4	109.3
– water supply; wastewater disposal, organization of collection and disposal of waste, activities for the elimination of pollution	mln rub	1724.6	1231.2	157.9
Volume of agricultural production	mln rub	33312.1	7874.4	103.4
Scope of work performed under construction contracts*	mln rub	45432.2	32548.0	186.2
Retail turnover*	mln rub	184489.8	91267.9	119.5
Volume of paid services	mln rub	55769.1	30677.1	122.6
Volume of investments in fixed assets* - total (January-March 2021)	mln rub	76004.3	9598.6	155.0
including off-budget investments	mln rub	49274.0	6787.1	136.4
Average monthly nominal accrued wages** (January-May 2021)	rub	29771.2	29507.4	103.4
Living wage per capita	rub. Per month	11333	11240	

*(continued)*

**Table 1.** (continued)

Indicators	Unit of measurement	2020	January–June 2021	January–June 2021 in % compared to January–June 2020
Number of unemployed (according to ILO methodology)	thousand people	120.8	107.3	104.4
Unemployment rate (according to ILO methodology)	in % to economic activity of population	18.5	16.3	Growth by 0.3
The number of officially registered unemployed in the employment service and having the status of unemployed (as of the end of December)	thousand people	125.2	75.9	64.1
Registered unemployment rate (as of the end of December)	in % to economic activity of population	19.8	11.6	Decrease by 7.2
Consolidated budget revenues	mln rub	127102.6	61294.6	115.6
Consolidated budget expenditures	mln rub	128239.4	62446.5	123.1

According to the results of the 2nd quarter of 2021, the implementation of 76 investment projects with a total investment of 3.0 billion rubles was completed in the Chechen Republic, 511 jobs were created.

The largest of them [4]:

1. “Construction of solar power plants (SPP)”, Naursky district, Naurskaya stnitsa, Groznenskaya str., w/n (initiator – Hevel RG LLC, total investment – 500.00 million rubles, 10 jobs).
2. “Multi-apartment residential building with built-in underground car parking”, Akhmatovsky district, G.N. Trosheva st., 83 a (initiator – Tekhnoprom LLC, total investment – 201.65 million rubles, 20 jobs).
3. Apartment buildings, Sheikh-Mansurovsky district, K.A. Ependiyevoy str., 29 (initiator – MegaStroyInvest LLC, total investment – 150.00 million rubles, 30 jobs).
4. Apartment buildings, Sheikh-Mansurovsky district, K.A. Ependiyevoy str., 31 (initiator – MegaStroyInvest LLC, total investment – 150.00 million rubles, 30 jobs).
5. Apartment building, Sheikh-Mansurovsky district, Yu.P. Pogulyaeva st., 25 (initiator – MegaStroyInvest LLC, total investment – 170.00 million rubles, 30 jobs).
6. In the 2nd quarter of 2021, 624 investment projects with a total cost of 126.47 billion rubles were under implementation, it is planned to create 13,286 jobs.

The largest of them:

1. “Construction of the multifunctional complex “Akhmat-Tower”, Grozny, A-Kh. Kadyrov avenue (initiator – Akhmat-Tower LLC, total investment – 66,000.00 million rubles, 4,000 jobs).
2. “Construction of the Grozny Mall shopping and entertainment center, Grozny, A-Kh. Kadyrov avenue (initiator – Grozny City LLC, total investment – 7,010.0 million rubles, 2,000 jobs).
3. “Construction of a residential microdistrict in the Leninsky district of Grozny, Kirova str.” (initiator – INE Interservice LLC, total investment – 1,350.0 million rubles, 120 jobs).
4. “Construction of the Minutka multifunctional complex”, Grozny, Akhmat-Khadzhi Kadyrov Ave., w/n (initiator – Smart Building LLC, total investment – 1,543.50 million rubles, 50 jobs).
5. Grozny International University, Grozny, Muhammad Ali Ave., w/n (initiator – Grozny International University LLC, total investment – 3,000.0 million rubles, 800 jobs).
6. “Creation of the Kazbek innovative construction technopark”, Shalinsky district, Chiri-Yurt village (initiator – PKF Kazbek LLC, total investment – 7,452.80 million rubles, 360 jobs).
7. “Expanding the production of the existing cement plant in the village of Chiri-Yurt, construction of a new line with a dry method for the production of clinker” (second stage), Shalinsky district, Chiri-Yurt village (initiator – Chechencement JSC, total investment – 9,900.00 million rubles, 120 jobs).

For reference: on the territory of the Chechen Republic, the implementation of 164 investment projects with a total investment of 11.3 billion rubles was completed in the first half of 2021, 1,453 jobs were created.

### **3 Results and Discussion**

An accessible business support infrastructure has been created in the republic. There are 11 business incubators, 3 technoparks, 3 microfinance organizations, multifunctional centers for the provision of state and municipal services, the SME Business Navigator portal, and the My Business regional center.

In order to expand access to financial resources of small and medium-sized businesses in the region, development institutions operate, such as: NO “Special Guarantee Fund of the Chechen Republic”, NCA “Guarantee Fund of the Chechen Republic”, Corporation for the Development of the Chechen Republic JSC, Fund named after Sheikh Zayed LLC.

As of July 1, 2021, microfinance organizations and the Guarantee Fund of the Chechen Republic issued to small businesses: 22 microloans in the amount of 32.8 million rubles and 4 guarantees in the amount of 11.67 million rubles.

Since the beginning of 2021, Sheikh Zayed Fund LLC has financed 39 investment projects in the amount of 141.0 million rubles.

Various measures of state support are provided to the initiators of projects included in the list of priority investment projects of the Chechen Republic, such as: tax incentives, the provision of state guarantees, subsidizing the interest rate on attracted bank loans.

The list of priority investment projects of the Chechen Republic, approved by Decree of the Government of the Chechen Republic dated December 8, 2020 No. 467-r (as amended by Decree of the Government of the Chechen Republic dated April 1, 2021 No. 104-r), includes 37 investment projects with a total investment of 192,407.225 million rubles and the creation of 14,355 jobs, including by industry:

- industry, energy, construction – 14 projects for 150,494.15 million rubles (8,878 jobs);
- agro-industrial complex, food industry – 18 projects for 25,853.65 million rubles (2,840 jobs);
- recreation and tourism industry, communications – 5 projects for 16,059.43 million rubles (2,637 jobs).

Work is underway to prepare the necessary package of documents for an application sent to the Ministry of Economic Development of Russia to expand the Veduchi special economic zone of the tourist and recreational type, created by Decree of the Government of the Russian Federation No. 865 dated October 3, 2013, with the inclusion of the territory adjacent to the Kezenoy-Am Lake.

The volume of planned investments of anchor residents of the SEZ TRT “Veduchi” will amount to 3.1 billion rubles. The budget investments of the expanding SEZ TRT “Veduchi” in the creation of infrastructure will amount to 0.59 billion rubles.

The Ministry of Economic Development of the Russian Federation and the Government of the Chechen Republic concluded an additional Agreement dated December 30, 2020 No. 370–09–2020–009/4 to the Agreement on the provision of subsidies in 2020–2022 from the federal budget to the budget of the Chechen Republic for co-financing expenditure obligations for measures to socially economic development of the constituent entities of the Russian Federation that are part of the North Caucasus Federal District, within the framework of the subprogram “Socio-economic development of the Chechen Republic for 2016–2025” dated December 25, 2019 No. 370–09–2020–009 on the provision of subsidies in 2021 from the federal budget in the amount of 617.62 million rubles for the construction of engineering, transport, social and other infrastructure facilities of the Grozny special economic zone of the industrial production type. The funds of the republican budget provided for these purposes amount to 32.5 million rubles [4].

As part of reducing administrative barriers and creating favorable conditions for doing business in the Chechen Republic, the initiatives of the autonomous non-profit organization “Agency for Strategic Initiatives to Promote New Projects” are being implemented, including: the standard for the activities of the executive authorities of the constituent entity of the Russian Federation to ensure a favorable investment climate in the region, the best practices of the National rating of the state of the investment climate in the constituent entities of the Russian Federation and target models for simplifying business procedures and increasing the investment attractiveness of the constituent entities of the Russian Federation.

According to the data posted in the “Region-ID” system, the implementation of the factors of 8 target models in the Chechen Republic for 2020 amounted to 92%.

In accordance with the Decree of the Government of the Russian Federation dated April 29, 2021 No. 1139-r, individual target models were combined, as a result of which the number of target models was 6 units:

1. “Obtaining a building permit”;
2. “Preparation of documents and implementation of state cadastral registration and (or) state registration of property rights to real estate objects”;
3. “Implementation of control (supervisory) activities in the constituent entities of the Russian Federation”;
4. “Support for small and medium businesses”;
5. “Connection to the power grid”;
6. “Connection to heat supply systems, connection to centralized water supply and sanitation systems”.

The purpose of scientific work is to study investment processes and develop an effective investment policy at the regional level.

When writing a scientific paper, the methods of analysis, synthesis and statistical observation were used.

## 4 Conclusion

Based on the results of participation in 2020 in the National rating of the state of the investment climate in the constituent entities of the Russian Federation (hereinafter referred to as the National Rating), the Chechen Republic took 15th place among 85 constituent entities of the Russian Federation.

In order to more correctly rank regions in the National Rating in 2021, a new approach was used to assign places to regions, all 85 regions were distributed into 29 places.

To form an effective investment policy, regional authorities need to solve a number of problems [2]:

- active regional support for entrepreneurship: primarily small and medium-sized businesses;
- determination and creation of conditions that influence the formation of a positive investment climate in the region;
- introduction of modern technologies for investment development using the capabilities of the Internet, increasing the availability of information of interest to the investor;
- creation of mechanisms for tax and financial incentives for investment;
- it is necessary to provide qualified personnel in the field of attracting investments.

In order to formulate the main directions for improving investment processes, it is necessary to analyze the investment processes in the Chechen Republic in recent years.

Based on the data, we can say that, in general, although investment processes are increasing, this is happening at an insignificant pace.



In order to attract investments and improve the investment rating and image of the republic, it is necessary to improve the investment legislation of the Chechen Republic in order to create a favorable atmosphere for internal and external investors.

Directions at the legislative level include:

1. Creation of tax incentives for investors in the first years of investment;
2. The maximum possible protection of investors from corruption schemes in the region, which is important for attracting investment.

A very important and necessary element of work with local and foreign investors is information support, especially in cases where there is a change in the country's general economic or regulatory conditions for investment activity. For information support, it is desirable to create an effective information network with the information necessary for investors.

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