

## 2. シンポジウム提出論文 (英文)

### 1) *Changes in Relations between the Federal and Regional Budgets of Russia in 2001*

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#### Summary

This paper analyzes and evaluates significant changes in inter-budgetary relations in Russia which occurred in 2001, i.e., a centralization of revenues in the federal budget and a considerable increase in transfers from the federal to regional budget.

We evaluate these changes as follows:

1. The fact that the regional budget had not enough tax bases seemed to be a problem. In 2001 regions were not able to fully compensate the loss of VAT as one of the main sources for tax revenues. We do not understand how regions will increase their revenues from now on. Otherwise, inevitably, transfers from the federal budget will continue to be large, as was the case in 2001.

2. The increase in financial support for regions per se is not bad for Russia, where extraordinarily large differences in living standards among regions have been one of the main social and economic problems in the past decade. The problem lies in the content of the financial support. Especially, we do not understand why the scheme of the compensation fund is needed that was introduced in 2001 in order to provide regions with additional resources for realizing some federal laws in the field of social welfare and that became one of the factors of increasing transfers from the federal budget in 2001. If all regions receive these subsidies almost in proportion with the size of the population, then is it more appropriate that regions should have tax revenues for this purpose from the beginning?

3. In 2001 the federal government paid huge amounts of grants to Tatarstan and Bashkortostan in order to normalize the inter-budgetary relations with these two republics, which greatly contributed to the significant increase in transfers from the federal budget in 2001. We evaluate rather positively this normalization, although sometimes the Putin administration was criticized for re-centralizing the state. This normalization seemed to put an end to the era of prevailing special treaties between the center and specific regions characterizing the first stage of state building in Russia.

## Introduction

The year 2001 witnessed significant changes in Russian inter-budgetary relations. They were the most serious changes since 1994, when the fund for financial support of regions (FFPR) was introduced and the system of transfers from the federal to regional budget was somewhat institutionalized.<sup>1</sup>

The purpose of this paper is to measure statistically these changes in 2001, to analyze the factors contributing to them, and finally to evaluate them in the context of the development of the Russian fiscal federalism.

### Changes in inter-budgetary relations in 2001

There were at least three outstanding changes in inter-budgetary relations in 2001. First, a centralization of revenue occurred. The share of the federal budget in revenue of the consolidated budget increased to 59.5 percent, the highest since 1992 (Table 1). The revenue of the federal budget in percentage of GDP amounted to 17.6 percent, also the highest since 1992.

Second, there was an apparent decentralization of expenditure. The share of the regional budget in expenditure of the consolidated budget increased to 54.6 percent, the second highest since 1992. However, the expenditure of the regional budget in percentage of GDP, 14.5 percent, was not high compared with other years in the 1990s. Actually, what happened was a substantial reduction in expenditure of the federal budget excluding transfers to the regional budget: its percentage against GDP decreased to 12.1 percent, the lowest since 1992.

Third, as a result of these two changes, transfers from the federal to regional budget increased considerably from 100.2 bn rubles in 2000 to 229.9 bn rubles in 2001 (Table 2). They increased from 1.4 percent of GDP in 2000 to 2.5 percent in 2001. This percentage was the highest since 1995.

In the next section, we consider the factors contributing to the first and third points mentioned above.

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<sup>1</sup> Throughout this paper regions mean 89 subjects of the Russian Federation. Inter-budgetary relations between the regional and local (municipal) budgets are beyond the scope of this paper.

## Factors contributing to these changes

### (1) Why did the centralization of revenue occur?

First, revenues of the federal budget increased considerably, especially its tax revenues increased by 51.4 percent compared to 2000 (Table 3). Among others, the contribution of VAT to the increase in revenues amounted to 58.3 percent, followed by customs duties (22.3 percent) and excise taxes (15.0 percent).

Second, revenues of regional budget increased only modestly. Although total revenue of the regional budget increased by 23.5 percent in 2001 (Table 4), if we exclude transfers from the federal budget, its increase rate was only 12.5 percent.<sup>2</sup> Revenues of VAT, local taxes and regional fund for regeneration of the mineral and raw material base decreased substantially.

The decrease in these revenues was explained by changes in tax system. Inclusion of some part (15 percent in 2000) of VAT revenues in the regional budget stopped in 2001 (Table 5).<sup>3</sup> This was one of the major causes for the increase in the share of federal budget in revenue of the consolidated budget. The decrease in revenues of local taxes was explained by the abolition of tax for the maintenance of housing and socio-cultural sphere.<sup>4</sup> The decrease in revenues of regional fund for regeneration of the mineral and raw material base was due to the abolition of this fund in some regions, which followed the abolition of the federal fund with the same name.<sup>5</sup>

### (2) Why did transfers from the federal to regional budget increase?

There have been four categories in statistics of transfers from the federal to regional budget (Table 4): grants, subventions, mutual settlements and transfers in narrow sense (transfert in Russian). However, in the law of federal budget for each year there have been so many items of transfers as shown in Table 6. These transfers seemed to be classified into four categories in the following way:<sup>6</sup>

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<sup>2</sup> Consumer price rose by 18.6 percent from December 2000 to December 2001 and the corresponding figure for producer price in industry amounted to 10.7 percent.

<sup>3</sup> In return, all revenues of personal income tax were included in the regional budget.

<sup>4</sup> The share of this tax in the regional budget in 1999 amounted to 5.3 percent (Institut 'Vostok-Zapad', 2001, p. 69). It means that this tax represented one of the largest local taxes in 1999. The abolition of this tax was to be partly compensated by the introduction of local tax rate for profit tax in 2001 (5 percent).

<sup>5</sup> In 2001 all budget funds except for the fund of the Ministry of Atomic Energy were abolished and their revenues and expenditures were incorporated in the other items of revenue and expenditure of the federal budget.

<sup>6</sup> See Tabata, 1998, pp. 447-452 for an earlier attempt to reconcile these data.

Grants include "grants and subventions" in Table 6. Until 2000 grants consisted mainly of those given to closed cities and Sochi health resort.

Transfert includes all amounts of FFPR.

Subventions include all other items. However, some items might be included in mutual settlements which represent a net balance of various transactions between the federal and regional budgets, sometimes related to the so-called federal mandates (expenditure obligations burdened on regional budgets by various federal laws and normative documents, typically in the field of social welfare).<sup>7</sup>

As shown in Table 4, subventions increased from 11.3 bn rubles in 2000 to 82.2 bn rubles in 2001. This accounted for 55 percent of the increase in total transfers from the federal budget in 2001. Grants increased also substantially from 10.9 bn rubles to 49.0 bn rubles, accounting for 29 percent of the increase in transfers, and the transfert increased from 58.0 bn rubles to 94.2 bn rubles, contributing to 28 percent of the increase in transfers. On the contrary, mutual settlements decreased by 15.5 bn rubles. As a result, the share of subventions in total revenue of the regional budget rose from 1.1 percent to 6.2 percent and the share of grants increased from 1.0 percent to 3.7 percent. These shares in 2001 were the highest since 1992 for both categories (Table 2).

There seems to be two major causes for the increase in subventions in 2001. First, the compensation fund was introduced in 2001 in order to subsidize the federal mandates. In the law of federal budget for 2001, 33.4 bn rubles were appropriated for this fund related to the federal laws on children's allowance and on social protection of invalids (Table 6).<sup>8</sup> Because these subsidies were distributed according to the estimated number of children and invalids, roughly speaking, the larger the population of a region, the larger the amount of these subsidies a region received.

Second, due to the abolition of the federal road fund, state supports for road maintenance, amounting to 20.3 bn rubles, were included in "financial support for regions."<sup>9</sup> In 2000 subsidies for road maintenance from the federal road fund amounted to 9.7 bn rubles, which were not included in subventions. Thus, a part of the increase in subventions was due to the change in the classification of the expenditure related to road maintenance.<sup>10</sup> Moscow city received 20 percent of total amount of state supports

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<sup>7</sup> See Lavrov et al., 2001, p. 12, Institut 'Vostok-Zapad', 2001, p. 280.

<sup>8</sup> The fact that mutual settlements were reduced by four times in 2001 was probably explained by the introduction of the compensation fund.

<sup>9</sup> They were included in "other financial support for regions (in narrow sense)" in Table 6. "Other financial support..." also included subsidies for realization of the federal mandate concerning the federal law on veterans, amounting to 4.0 bn rubles.

<sup>10</sup> In 2002 subsidies to regions for road maintenance, amounting to 29.7 bn rubles, seem

for road maintenance and St. Petersburg received 9 percent.

Because of these two changes concerning the compensation fund and road fund, in 2001 all regions received subventions, while in 2000 only limited number of regions received them. Especially, Moscow city received 9.8 percent of all subventions (Table 7).<sup>11</sup>

As for the increase in grants, it was mainly brought about by a considerable increase in grants to Tatarstan and Bashkortostan. These two republics received grants amounting to 11.0 bn rubles and 7.9 bn rubles, respectively (Table 7). They accounted for 30 percent and 21 percent of total grants provided from the federal budget in 2001. As is well known, these two republics concluded special treaties with the federal government, according to which they were allowed not to obey the common rule of tax distribution between the federal and regional budgets. In turn, they have not received any transfers from Moscow, except for some amounts of mutual settlements. But since Putin became the president in 2000, their special status has been challenged. In 2000 in the revised law of the federal budget, Bashkortostan received 2.7 bn rubles in the form of mutual settlements, as was explained more in detail in the next section. Other than mutual settlements, these two republics did not receive any transfers from the center in 2000. However, in article 43 of the federal budget law for 2001, it was prescribed that in order to regulate the inter-budgetary relations with these two republics, the federal government will be allowed to provide all kinds of financial support within the limits of federal tax revenues from these two republics. The considerable increase in grants given to them was a result of this policy.

In addition to these two republics, in 2001 almost all regions received grants, except for Moscow city, St. Petersburg, Samara, and Khanty-Mansiisk and Iamalo-Nenets AOs (Autonomous Okrugs), while in 2000 only limited number of regions received them.<sup>12</sup>

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to be included in a new classification category of "road maintenance."

<sup>11</sup> Data of regional budgets by regions are only derived from the execution report of the regional budget which are available at the web site of the Ministry of Finance. There seems to be no final version of these data and only provisional data are available. Tables 7, 8 and 9 are based on these data, while data of the regional budget used in Tables 2, 4 and 5 are obtained from the execution report of the consolidated budget. There are two versions for the latter data, provisional and final. There are always ineligible differences between data obtained from the execution report of the regional budget and those derived from the execution report of the consolidated budget, even in the case when the latter data are still provisional one.

<sup>12</sup> In 2000 Dagestan received one third of total grants which was stipulated in the revised federal budget law and Murmansk received one forth as a grant to closed cities. In 2001 "other grants and subventions" in Table 6 included "grants for compensation for the loss incurred by the change in volumes and formation methods of the compensation fund" (8.4 bn rubles) and "financing for the reconstruction in Chechnia" (4.5 bn rubles).

Increase in transfert or FFPR was explained by the increase in tax revenues, because its total amount was set at 14 percent of tax revenues of the federal budget, excluding those collected by the State Customs Committee.<sup>13</sup>

To sum up, there were four specific causes for the considerable increase in transfers from the federal to regional budget in 2001. The introduction of compensation fund and changes in the statistical treatment of road maintenance seemed to account for 26 percent and 16 percent of the increase. The increase in transfert contributed to the increase in total transfers by 28 percent. Finally, the increase in grants to Tatarstan and Bashkortostan for the normalization of the inter-budgetary relations accounted for 15 percent of the increase in transfers.

### **Changes in revenues of the regional budget in Tatarstan and Bashkortostan**

#### **(1) Tatarstan**

As shown in Table 8, there occurred really a big change in revenues of the budget of Tatarstan in 2001. Its revenue decreased by 1.3 bn rubles or by 2.2 percent compared to 2000.<sup>14</sup> There were only five regions where total revenue of the regional budget decreased compared to the preceding year, including Tatarstan and Bashkortostan.<sup>15</sup> Especially tax revenues of Tatarstan decreased by 7.0 bn rubles and revenues of budget funds - by 11.7 bn rubles. These large decreases were partly compensated by the increases in transfers from the federal budget by 12.9 bn rubles and in off-budget funds revenues by 5.3 bn rubles. As a result, the share of tax revenues lowered from 68.4 percent to 57.6 percent and the share of budget funds decreased from 20.5 percent to almost zero. On the contrary, the share of transfers from the federal budget increased from 0.7 percent to 23.3 percent and the share of off-budget funds - from 5.7 percent to 15.0 percent. The fact that in 2000 the shares of VAT and excise tax were high in Tatarstan compared with other regions demonstrated the special status of Tatarstan.<sup>16</sup>

In 2001 the share of grants amounted to 23.3 percent, nearly one forth of total

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According to the information provided at the web site of the Ministry of Finance, the former was related to the realization of the federal law on veterans.

<sup>13</sup> While this ratio (14 percent) was explicitly written in the law of federal budget for 1999 (article 37), since 2000 there have been no mentions of this ratio in the federal budget law. A table in Institut 'Vostok-Zapad' (2001, pp. 98-99) showed that this ratio (14 percent) was valid for 1999-2001.

<sup>14</sup> Its expenditure also decreased by 1.9 bn rubles (by 3.3 percent).

<sup>15</sup> Other three regions were Lipetsk, Murmansk and Khanty-Mansiisk AO.

<sup>16</sup> As for the share of VAT in revenue of the regional budget, only three regions exceeded Tatarstan and Bashkortostan in 2000.

revenue. The high share of off-budget funds revenue (15.0 percent) became one of the outstanding characteristics of Tatarstan's budget in 2001, but we do not know the details of these funds.<sup>17</sup> As for 2002, Tatarstan will receive 12.3 bn rubles from the fund of regional development. This amount will account for 70 percent of the total subsidy from this fund in 2002 (Table 6).<sup>18</sup> The normalization process seems to continue for a couple of years.

## (2) Bashkortostan

Revenues of the budget of Bashkortostan decreased by 7.3 bn rubles or by 17.1 percent in 2001 (Table 9).<sup>19</sup> Its tax revenues decreased by 4.5 bn rubles and revenues of budget fund – by 6.5 bn rubles. On the contrary, transfers from the federal budget increased by 6.0 bn rubles. The share of tax revenues changed little from 66.9 percent to 67.9 percent, while the share of budget fund decreased from 15.1 percent to zero and the share of transfers from the federal budget increased from 7.1 percent to 25.4 percent.

Different from Tatarstan, Bashkortostan received a large amount of financial support in the form of mutual settlements in 2000. This was stipulated in appendix 21 of the revised federal budget law for 2000 as “compensation for additional expenditures related to the regulation of inter-budgetary relations with Bashkortostan.” The share of mutual settlements in revenue of Bashkortostan's budget decreased from 7.1 percent to almost zero, while the share of grants increased from zero to 22.4 percent in 2001.

## Concluding remarks

How should we evaluate the changes in inter-budgetary relations in 2001, i.e., the centralization of revenues in the federal budget and the considerable increase in transfers from the federal to regional budget?

First, the fact that the regional budget had not enough tax bases seemed to be a problem. In 2001 regions were not able to fully compensate the loss of VAT as one of the main sources for tax revenues. We do not understand how regions will increase their

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<sup>17</sup> With respect to budget funds, although in the case of Tatarstan and Bashkortostan, revenue of budget funds was reduced to almost zero in 2001, only Lipetsk and Khanty-Mansiisk AO experienced the similar reductions. Other regions did continue to receive revenues of budget funds in 2001.

<sup>18</sup> This subsidy will be provided to Tatarstan for the federal program “socio-economic development of Tatarstan Republic until 2006.”

<sup>19</sup> Its expenditure decreased by 5.1 bn rubles (12.3 percent).



revenues from now on.<sup>20</sup> Otherwise, inevitably, transfers from the federal budget will continue to be large, as was the case in 2001.

Second, the increase in financial support for regions per se is not bad for Russia, where extraordinarily large differences in living standards among regions have been one of the main social and economic problems in the past decade. The problem lies in the content of the transfers. Especially, we do not understand why the scheme of the compensation fund is needed. Of course, it is better to provide regions with additional resources for the federal mandates as subventions, rather than to pay subsidies as problematic mutual settlements and rather than not to pay any subsidies for this purpose as was the case before. But, if all regions receive these subsidies almost in proportion with the size of the population, then is it more appropriate that regions should have tax resources for this purpose from the beginning?

Third, we evaluate rather positively the normalization of inter-budgetary relations with Tatarstan and Bashkortostan, although sometimes the Putin administration was criticized for re-centralizing the state. This normalization seemed to put an end to the era of prevailing special treaties between the center and specific regions characterizing the first stage of state building in Russia.

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<sup>20</sup> According to the new profit tax rate introduced from the beginning of this year, tax rate is 7.5 percent for the federal budget and 16.5 percent for the regional budget. In the last year, the corresponding figure is 11 percent and 24 percent, respectively. Thus, the distribution ratio between the federal and regional budgets remains unchanged: 31 percent for the federal budget and 69 percent for the regional budget. The mineral extraction tax introduced from the beginning of this year instead of payments for minerals does not seem to increase the share of regions in total amounts of tax revenues from minerals (oil and gas, in particular).



Table 1. Federal and Regional Budgets in Russia

	1992	1993	1994	1995	1996	1997	1998	1999	2000	2001
	(in billions of new rubles)									
Revenue										
Consolidated budget	5.3	49.7	172.4	437.0	558.5	711.6	686.8	1,213.6	2,097.7	2,674.0
Federal budget, including transfers	3.0	25.5	81.7		281.9	343.4	325.9	615.5	1,132.1	1,590.7
Regional budget, including transfers	2.7	30.1	115.7		322.9	433.4	413.4	660.8	1,065.9	1,316.0
Consolidated budget	5.3	49.5	170.4	437.0	558.5	711.6	686.8	1,213.6	2,097.7	2,674.0
Federal budget, excluding transfers	3.0	25.0	80.1	230.9	281.9	343.2	325.9	615.5	1,132.1	1,590.7
Regional budget, excluding transfers	2.3	24.5	90.3	206.1	276.6	368.4	360.9	598.1	965.6	1,083.3
Expenditure										
Consolidated budget	6.0	57.7	230.4	486.1	652.7	839.5	842.1	1,258.0	1,960.1	2,407.5
Federal budget, including transfers	4.0	35.4	142.7		356.2	436.6	472.2	666.9	1,029.2	1,325.7
Regional budget, including transfers	2.4	28.2	112.6		342.8	468.1	422.4	653.8	1,032.1	1,314.4
Consolidated budget	5.6	54.3	213.3	486.1	652.7	839.5	842.1	1,258.0	1,960.1	2,407.5
Federal budget, excluding transfers	3.6	27.3	105.2	240.4	309.9	371.6	419.7	604.2	928.0	1,093.1
Regional budget, excluding transfers	2.0	27.0	108.1	245.7	342.8	467.9	422.4	653.8	1,032.1	1,314.4
GDP	19.0	171.5	610.7	1,540.5	2,145.7	2,478.6	2,741.1	4,766.8	7,302.2	9,040.8
	(in percentage of total)									
Revenue										
Consolidated budget	100.0	100.0	100.0	100.0	100.0	100.0	100.0	100.0	100.0	100.0
Federal budget, excluding transfers	56.6	50.5	47.0	52.8	50.5	48.2	47.5	50.7	54.0	59.5
Regional budget, excluding transfers	43.4	49.5	53.0	47.2	49.5	51.8	52.5	49.3	46.0	40.5
Expenditure										
Consolidated budget	100.0	100.0	100.0	100.0	100.0	100.0	100.0	100.0	100.0	100.0
Federal budget, excluding transfers	64.3	50.3	49.3	49.5	47.5	44.3	49.8	48.0	47.3	45.4
Regional budget, excluding transfers	35.7	49.7	50.7	50.5	52.5	55.7	50.2	52.0	52.7	54.6
	(in percentage of GDP)									
Revenue										
Consolidated budget	28.0	29.0	28.2	28.4	26.0	28.7	25.1	25.5	28.7	29.6
Federal budget, including transfers	15.9	14.9	13.4		13.1	13.9	11.9	12.9	15.5	17.6
Regional budget, including transfers	14.1	17.6	18.9		15.0	17.5	15.1	13.9	14.6	14.6
Consolidated budget	27.9	28.9	27.9	28.4	26.0	28.7	25.1	25.5	28.7	29.6
Federal budget, excluding transfers	15.8	14.6	13.1	15.0	13.1	13.8	11.9	12.9	15.5	17.6
Regional budget, excluding transfers	12.1	14.3	14.8	13.4	12.9	14.9	13.2	12.5	13.2	12.0
Expenditure										
Consolidated budget	31.4	33.6	37.7	31.6	30.4	33.9	30.7	26.4	26.8	26.6
Federal budget, including transfers	20.9	20.6	23.4		16.6	17.6	17.2	14.0	14.1	14.7
Regional budget, including transfers	12.4	16.4	18.4		16.0	18.9	15.4	13.7	14.1	14.5
Consolidated budget	29.5	31.7	34.9	31.6	30.4	33.9	30.7	26.4	26.8	26.6
Federal budget, excluding transfers	18.9	15.9	17.2	15.6	14.4	15.0	15.3	12.7	12.7	12.1
Regional budget, excluding transfers	10.5	15.7	17.7	15.9	16.0	18.9	15.4	13.7	14.1	14.5

## Sources:

Ministry of Finance of Russia.

State Committee on Statistics of Russia.

Table 2. Transfers from the Federal to Regional Budget in 1992-2001

	1992	1993	1994	1995	1996	1997	1998	1999	2000	2001
	(in millions of new rubles)									
Total revenue of the regional budget	2,672.3	30,129.4	115,674.5	241,000.0	322,900.0	414,925.8	397,743.3	647,888.5	1,065,856.7	1,315,975.3
Transfers from the federal budget	315.0	5,423.8	26,899.2	29,200.0	46,300.0	49,980.1	43,209.7	62,135.3	100,246.8	229,938.6
Grants	...	...	585.1	900.0	2,100.0	3,457.2	3,179.3	2,561.9	10,934.1	49,012.7
Subventions	142.5	1,124.2	2,621.6	2,000.0	2,700.0	2,400.0	563.5	8,941.4	11,316.1	82,199.3
Mutual settlements	155.2	4,222.8	17,914.0	6,900.0	18,200.0	11,175.4	9,799.8	6,286.3	20,001.3	4,516.6
Transfers (Transfert)	...	...	5,675.6	19,400.0	23,300.0	32,947.5	29,667.2	44,345.7	57,995.3	94,209.9
Short-term loans	17.3	76.8	103.0	...	...	...	...	...	...	...
GDP	19,005.5	171,509.5	610,745.2	1,540,492.8	2,145,655.5	2,478,594.1	2,741,100.0	4,766,800.0	7,302,200.0	9,040,800.0
	(in percentage of total)									
Total revenue of the regional budget	100.0	100.0	100.0	100.0	100.0	100.0	100.0	100.0	100.0	100.0
Transfers from the federal budget	11.8	18.0	23.3	12.1	14.3	12.0	10.9	9.6	9.4	17.5
Grants	...	...	0.5	0.4	0.7	0.8	0.8	0.4	1.0	3.7
Subventions	5.3	3.7	2.3	0.8	0.8	0.6	0.1	1.4	1.1	6.2
Mutual settlements	5.8	14.0	15.5	2.9	5.6	2.7	2.5	1.0	1.9	0.3
Transfers (Transfert)	...	...	4.9	8.0	7.2	7.9	7.5	6.8	5.4	7.2
Short-term loans	0.6	0.3	0.1	...	...	...	...	...	...	...
	(in percentage of GDP)									
Total revenue of the regional budget	14.1	17.6	18.9	15.6	15.0	16.7	14.5	13.6	14.6	14.6
Transfers from the federal budget	1.7	3.2	4.4	1.9	2.2	2.0	1.6	1.3	1.4	2.5

Sources:

Central Bank of Russia.  
Ministry of Finance of Russia.  
State Committee on Statistics of Russia.

Table 3. Revenue of the Federal Budget in 2000–2001

	2000		2001		2001		Contribution rate in percentage
	in bn rubles	in percentage	in bn rubles	in percentage	Increase in bn rubles	Increase rate in percentage	
Total revenue	1,132.1	100.0	1,590.7	100.0	458.6	40.5	100.0
Tax revenue	964.8	85.2	1,461.0	91.8	496.2	51.4	108.2
VAT	371.5	32.8	638.9	40.2	267.4	72.0	58.3
Profit tax	178.0	15.7	214.3	13.5	36.3	20.4	7.9
Personal income tax	27.4	2.4	2.8	0.2	-24.6	-89.8	-5.4
Excise tax	131.1	11.6	200.0	12.6	68.9	52.6	15.0
Customs duty	229.2	20.2	331.5	20.8	102.3	44.6	22.3
Payments for natural resources	18.6	1.6	49.7	3.1	31.1	167.2	6.8
Other tax revenue	9.0	0.8	23.8	1.5	14.8	164.4	3.2
Non-tax revenue	74.7	6.6	112.5	7.1	37.8	50.6	8.2
From foreign economic activities	37.4	3.3	44.9	2.8	7.5	20.1	1.6
From state and municipal property and its activities	31.6	2.8	60.1	3.8	28.5	90.2	6.2
Other non-tax revenue	5.7	0.5	7.5	0.5	1.8	31.6	0.4
Budget funds	92.9	8.2	14.5	0.9	-78.4	-84.4	-17.1
Other revenue	-0.3	0.0	2.7	0.2	3.0		0.7

Sources:

Ministry of Finance of Russia (Execution report of the consolidated budget).

Table 4. Revenue of the Regional Budget in 2000–2001

	2000		2001		2001		Contribution rate in percentage
	in bn rubles	in percentage	in bn rubles	in percentage	Increase in bn rubles	Increase rate in percentage	
Total revenue	1,065.9	100.0	1,316.0	100.0	250.1	23.5	100.0
Tax revenue	742.8	69.7	871.5	66.2	128.7	17.3	51.5
VAT	85.8	8.0	2.2	0.2	-83.6	-97.4	-33.4
Profit tax	220.8	20.7	299.9	22.8	79.1	35.8	31.6
Personal income tax	147.4	13.8	252.8	19.2	105.4	71.5	42.1
Excise tax	35.3	3.3	40.0	3.0	4.7	13.3	1.9
Sales tax	34.6	3.2	45.1	3.4	10.5	30.3	4.2
Property tax	63.5	6.0	88.1	6.7	24.6	38.7	9.8
Payments for natural resources	59.0	5.5	79.5	6.0	20.5	34.7	8.2
Local tax	78.1	7.3	25.7	2.0	-52.4	-67.1	-21.0
Other tax revenue	18.3	1.7	38.2	2.9	19.9	108.7	8.0
Non-tax revenue	60.7	5.7	86.4	6.6	25.7	42.3	10.3
From state and municipal property and its activities	40.7	3.8	64.1	4.9	23.4	57.5	9.4
Other non-tax revenue	20.0	1.9	22.3	1.7	2.3	11.5	0.9
Transfers from the federal budget	100.2	9.4	229.9	17.5	129.7	129.4	51.9
Grants	10.9	1.0	49.0	3.7	38.1	349.5	15.2
Subventions	11.3	1.1	82.2	6.2	70.9	627.4	28.3
Mutual settlements	20.0	1.9	4.5	0.3	-15.5	-77.7	-6.2
Transfers (Transfert)	58.0	5.4	94.2	7.2	36.2	62.4	14.5
Budget funds	134.2	12.6	135.9	10.3	1.7	1.3	0.7
Fund for regeneration of the mineral & raw material base	43.2	4.1	15.4	1.2	-27.8	-64.4	-11.1
Other revenue	28.0	2.6	-7.7	-0.6	-35.7	-127.5	-14.3

Sources:

Ministry of Finance of Russia (Execution report of the consolidated budget).

Table 5. Distribution of Revenue between Federal and Regional Budgets

	2000				2001			
	in bn rubles		in percentage		in bn rubles		in percentage	
	Federal	Regional	Federal	Regional	Federal	Regional	Federal	Regional
Total revenue	1,132.1	965.6	54.0	46.0	1,588.0	1,086.1	59.4	40.6
Tax revenue	964.8	742.8	56.5	43.5	1,461.0	871.5	62.6	37.4
VAT	371.5	85.8	81.2	18.8	638.9	2.2	99.7	0.3
Profit tax	178.0	220.8	44.6	55.4	214.3	299.9	41.7	58.3
Personal income tax	27.4	147.4	15.7	84.3	2.8	252.8	1.1	98.9
Excise tax	131.1	35.3	78.8	21.2	200.0	40.1	83.3	16.7
Customs duty	229.2	0.0	100.0	0.0	331.5	0.0	100.0	0.0
Payments for natural resources	18.6	59.0	24.0	76.0	49.7	79.5	38.5	61.5
Other tax revenue	9.0	194.5	4.4	95.6	23.8	197.0	10.8	89.2
Non-tax revenue	74.7	60.7	55.2	44.8	112.5	86.4	56.6	43.4
From foreign economic activities	37.4	0.0	100.0	0.0	44.9	0.0	100.0	0.0
Revenue from state and municipal property and	31.6	40.7	43.7	56.3	60.1	64.1	48.4	51.6
Other non-tax revenue	5.7	20.0	22.2	77.8	7.5	22.3	25.2	74.8
Budget funds	92.9	160.6	36.6	63.4	14.5	135.9	9.6	90.4

Sources:

Ministry of Finance of Russia (Execution report of the consolidated budget).

Table 6. Planned Financial Support from the Federal to Regional Budget

	1994	1995	1996	1997	1998	1999	2000	2000 revised	2001	2002
	(in millions of new rubles)									
Total expenditure of the federal budget	194,495.3	248,344.3	435,750.0	529,765.2	499,945.2	575,046.6	855,073.0	1,014,196.3	1,193,482.9	1,947,386.3
Financial support for regions	26,967.0	28,499.5	57,825.1	66,971.8	51,703.8	43,444.4	69,148.6	97,273.8	186,627.5	265,406.6
Financial support for regions (in narrow sense)	26,967.0	27,655.3	55,149.7	64,681.8	48,663.8	41,936.1	66,586.1	94,868.5	183,262.5	239,239.9
Fund for co-financing of social expenditures	...	...	...	...	...	...	...	...	...	18,732.1
Federal fund for financial support of regions (FFPR) <sup>1)</sup>	18,333.6	20,088.3	42,337.0	57,729.4	43,023.8	37,725.8	57,350.9	68,011.3	100,353.7	147,491.0
Grants for equalizing of the budget guarantee <sup>2)</sup>	11,866.6	14,858.1	39,337.0	52,929.4	39,183.8	33,725.8	50,650.9	58,941.4	92,203.7	135,928.0
Compensation for electricity rates in the Far Eastern regions	...	850.0	...	1,300.0	1,200.0	1,000.0	1,000.0	1,500.0	1,500.0	2,600.0
State support to the Far Northern regions for delivery of products	6,467.0	4,380.2	3,000.0	3,500.0	2,640.0	3,000.0	3,000.0	4,369.9	6,650.0	8,963.0
Grants and subventions	8,633.4	7,567.0	12,312.8	6,952.4	4,140.0	2,598.9	7,315.2	22,562.2	24,627.2	31,059.2
Grants to "closed cities"	583.2	1,043.2	1,932.3	2,735.0	2,586.1	2,007.8	6,070.6	8,071.3	8,648.9	10,554.4
Other mutual settlements	...	...	...	...	...	...	...	...	...	6,850.3
Expenditure for social facilities and housing transferred to regions	5,275.5	4,320.0	6,805.3	880.0	...	...	...	11,500.0	...	7,000.0
Grants & subventions to Baikonur for rental of space center	...	161.0	719.9	582.2	413.9	353.1	590.9	590.9	700.0	674.5
Grants to Sochi health resort	...	43.6	195.2	355.2	140.0	238.0	300.0	400.0	761.5	850.0
Grants for stabilization of revenue base of regional budgets	...	...	...	...	...	...	...	...	...	3,000.0
Subventions to "closed cities" for their development program	...	...	...	...	...	...	...	...	1,500.0	1,000.0
Subventions to Moscow city for capital function	2,774.7	1,999.2	2,660.0	2,400.0	1,000.0	...	...	...	...	...
Other grants and subventions	0.0	0.0	0.0	0.0	0.0	0.0	353.7	2,000.0	13,016.8	1,130.0
Fund for reforms of regional finances <sup>2)</sup>	...	...	...	...	...	...	1,920.0	...	600.0	1,200.0
Compensation fund	...	...	...	...	...	...	...	...	33,381.6	40,757.6
Other financial support for regions (in narrow sense)	0.0	0.0	500.0	0.0	1,500.0	1,611.4	0.0	4,295.0	24,300.0	0.0
Fund for regional development <sup>3)</sup>	...	844.2	2,475.4	2,290.0	2,300.0	1,500.0	2,542.5	2,385.3	3,335.0	17,491.7
Federal programs for regional development	...	844.2	2,475.4	2,290.0	2,300.0	1,500.0	2,200.0	2,214.9	...	...
Measures in the field of regional development	...	...	...	...	...	8.3	20.0	20.0	30.0	8,675.0
Other financial support for regions	0.0	0.0	0.0	0.0	740.0	0.0	0.0	0.0	0.0	0.0
	(in percentage of total)									
Total expenditure of the federal budget	100.0	100.0	100.0	100.0	100.0	100.0	100.0	100.0	100.0	100.0
Financial support for regions	13.9	11.5	13.2	12.6	10.3	7.6	8.1	9.6	15.6	13.6
Financial support for regions (in narrow sense)	13.9	11.1	12.7	12.2	9.7	7.3	7.8	9.4	15.4	12.3
Fund for co-financing of social expenditures	...	...	...	...	...	...	...	...	...	1.0
Federal fund for financial support of regions (FFPR) <sup>1)</sup>	9.4	8.1	9.7	10.9	8.6	6.6	6.7	6.7	8.4	7.6
Grants for equalizing of the budget guarantee <sup>2)</sup>	6.1	6.0	9.0	10.0	7.8	5.9	5.9	5.8	7.7	7.0
Compensation for electricity rates in the Far Eastern regions	...	0.3	...	0.2	0.2	0.2	0.1	0.1	0.1	0.1
State support to the Far Northern regions for delivery of products	3.3	1.8	0.7	0.7	0.5	0.5	0.4	0.4	0.6	0.5
Grants and subventions	4.4	3.0	2.8	1.3	0.8	0.5	0.9	2.2	2.1	1.6
Grants to "closed cities"	0.3	0.4	0.4	0.5	0.5	0.3	0.7	0.8	0.7	0.5
Other mutual settlements	...	...	...	...	...	...	...	...	...	0.4
Expenditure for social facilities and housing transferred to regions	2.7	1.7	1.6	0.2	...	...	...	1.1	...	0.4
Grants & subventions to Baikonur for rental of space center	...	0.1	0.2	0.1	0.1	0.1	0.1	0.1	0.1	0.0
Grants to Sochi health resort	...	0.0	0.0	0.1	0.0	0.0	0.0	0.0	0.1	0.0
Grants for stabilization of revenue base of regional budgets	...	...	...	...	...	...	...	...	...	0.2
Subventions to "closed cities" for their development program	...	...	...	...	...	...	...	...	0.1	0.1
Subventions to Moscow city for capital function	1.4	0.8	0.6	0.5	0.2	...	...	...	...	...
Other grants and subventions	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.2	1.1	0.1
Fund for reforms of regional finances <sup>2)</sup>	...	...	...	...	...	...	0.2	...	0.1	0.1
Compensation fund	...	...	...	...	...	...	...	...	2.8	2.1
Other financial support for regions (in narrow sense)	0.0	0.0	0.1	0.0	0.3	0.3	0.0	0.4	2.0	0.0
Fund for regional development <sup>3)</sup>	...	0.3	0.6	0.4	0.5	0.3	0.3	0.2	0.3	0.9
Federal programs for regional development	...	0.3	0.6	0.4	0.5	0.3	0.3	0.2	...	...
Measures in the field of regional development	...	...	...	...	...	0.0	0.0	0.0	0.0	0.4
Other financial support for regions	0.0	0.0	0.0	0.0	0.1	0.0	0.0	0.0	0.0	0.0

Notes:

1) Since 2000 FFPR has included three items shown in this table. As for 1994-1999 the planned figure for FFPR is shown in row of "grants for equalizing of the budget guarantee."

2) Until 2001, fund for development of regional finance.

3) This fund was introduced in 2000. Until 1999 this row shows programs for regional development.

Sources:

Federal budget law for each year.

Table 7. Major Recipients of Transfers from the Federal Budget

Total transfers			
		2000	2001
Rank		bn rubles	bn rubles
1	Dagestan	7.3	Tatarstan 13.3
2	Altai Krai	4.1	Dagestan 9.5
3	Sakha	3.4	Sakha 9.4
4	Bashkortostan	3.0	Bashkortostan 9.0
5	Primorskii	3.0	Altai Krai 7.3
Total		96.0	216.0

Grants			
		2000	2001
Rank		bn rubles	bn rubles
1	Dagestan	2.0	Tatarstan 11.0
2	Murmansk	1.5	Bashkortostan 7.9
3	Primorskii	0.5	Krasnodar 1.2
4	Krasnodar	0.4	Altai Krai 0.7
5	Kamchatka	0.4	Moscow Oblast 0.6
Total		6.1	37.1

Subventions			
		2000	2001
Rank		bn rubles	bn rubles
1	Dagestan	0.3	Moscow citv 7.0
2	Kabardino-Balkar	0.1	St. Petersburg 2.4
3	Mordoviia	0.1	Tatarstan 2.2
4	Tvva	0.1	Moscow Oblast 1.7
5	North Ossetiia	0.1	Sakha 1.7
Total		2.3	71.2

Mutual settlements			
		2000	2001
Rank		bn rubles	bn rubles
1	Bashkortostan	3.0	Sakha 0.6
2	Tver'	0.7	Kemerovo 0.4
3	Stavropol'	0.7	Stavropol' 0.2
4	Orel	0.7	Saratov 0.2
5	Kemerovo	0.7	Dagestan 0.2
Total		19.6	4.5

Transfert			
		2000	2001
Rank		bn rubles	bn rubles
1	Dagestan	5.0	Dagestan 7.5
2	Altai Krai	5.5	Sakha 6.9
3	Sakha	3.2	Altai Krai 5.5
4	Primorskii	2.3	Primorskii 5.1
5	Khabarovsk	2.0	Rostov 3.1
Total		68.0	103.2

Sources:

Ministry of Finance of Russia (Execution report of the regional budget).

Table 8. Revenue of the Budget of Tatarstan

	2000		2001		Increase in mill. rubles
	in mill. rubles	in percentage	in mill. rubles	in percentage	
Total revenue	58,380	100.0	57,115	100.0	-1,265
Tax revenue	39,915	68.4	32,893	57.6	-7,022
Profit tax	9,309	15.9	9,593	16.8	284
Personal income tax	3,843	6.6	5,850	10.2	2,008
VAT	10,282	17.6	0	0.0	-10,282
Excise tax	4,920	8.4	1,147	2.0	-3,774
Sales tax	725	1.2	532	0.9	-193
Property tax	2,123	3.6	2,510	4.4	387
Payments for natural resources	5,197	8.9	8,613	15.1	3,416
Payments for the subsoil	4,403	7.5	2,426	4.2	-1,977
Other payments for natural resources	794	1.4	6,187	10.8	5,393
Local tax	2,879	4.9	1,128	2.0	-1,751
Other tax revenue	636	1.1	3,519	6.2	2,883
Non-tax revenue	2,724	4.7	606	1.1	-2,118
Transfers from other levels of budgets	417	0.7	13,326	23.3	12,910
Grants	0	0.0	10,976	19.2	10,976
Subventions	0	0.0	2,184	3.8	2,184
Mutual settlements	417	0.7	166	0.3	-250
Transfers (Transfert)	0	0.0	0	0.0	0
Off-budget funds	3,307	5.7	8,586	15.0	5,279
Budget funds	11,978	20.5	308	0.5	-11,671
Road fund	5,912	10.1	0	0.0	-5,912
Fund for regeneration of the mineral & raw material base	5,559	9.5	0	0.0	-5,559

Sources:

Ministry of Finance of Russia (Execution report of the regional budget).

Table 9. Revenue of the Budget of Bashkortostan

	2000		2001		Increase in mill. rubles
	in mill. rubles	in percentage	in mill. rubles	in percentage	
Total revenue	42,769	100.0	35,446	100.0	-7,323
Tax revenue	28,592	66.9	24,054	67.9	-4,537
Profit tax	7,914	18.5	8,011	22.6	96
Personal income tax	3,261	7.6	5,243	14.8	1,982
VAT	6,055	14.2	0	0.0	-6,055
Excise tax	3,459	8.1	1,011	2.9	-2,448
Sales tax	1,032	2.4	1,195	3.4	163
Property tax	1,609	3.8	2,219	6.3	610
Payments for natural resources	2,947	6.9	2,383	6.7	-564
Payments for the subsoil	2,533	5.9	595	1.7	-1,937
Other payments for natural resources	415	1.0	1,788	5.0	1,373
Local tax	2,045	4.8	765	2.2	-1,280
Other tax revenue	268	0.6	3,227	9.1	2,959
Non-tax revenue	663	1.6	1,210	3.4	547
Transfers from other levels of budgets	3,045	7.1	9,003	25.4	5,958
Grants	0	0.0	7,924	22.4	7,924
Subventions	0	0.0	955	2.7	955
Mutual settlements	3,045	7.1	124	0.4	-2,921
Transfers (Transfert)	0	0.0	0	0.0	0
Off-budget funds	3,983	9.3	656	1.9	-3,327
Budget funds	6,467	15.1	0	0.0	-6,467
Road fund	4,670	10.9	0	0.0	-4,670
Fund for regeneration of the mineral & raw material base	1,751	4.1	0	0.0	-1,751

Sources:

Ministry of Finance of Russia (Execution report of the regional budget).



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