

**SCTMG 2021**

**International Scientific Conference «Social and Cultural Transformations in the Context of Modern Globalism»**

**PRIORITIES FOR THE DEVELOPMENT OF THE REGIONAL ECONOMY CONCERNING MEDIUM-TERM SOCIO-ECONOMIC TASKS**

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**Abstract**

The study is focused on assessing the state and development priorities of the regional economy, taking into account medium-term socio-economic objectives. The authors note that in terms of volume, nomenclature and importance of products, the republic occupied one of the leading places in the North Caucasus, had a stable trend of growth in all production capacities, and its products were exported to dozens of foreign countries of the world. In the context of globalization, Russia's integration into the world economy, the creation of an innovative economy is a vector of modern development of our country. An innovative economy is based on accumulated human capital, which is a determinant component of the new socio-economic development of society. The creation of a favorable climate for the sustainable development of the economy of the Chechen Republic with a gradual increase in its competitive advantages should take place taking into account the sectoral characteristics, specifics and potential of the region. The authors in the article conclude that the successful implementation of promising directions for the development of the economy of the Chechen Republic based on the generalization of regional resources, financial support from the state, market-oriented approaches to the development of the production sphere of territorial economic systems will allow solving the complex of socio-economic problems of the republic, building a trajectory for reaching it to a higher level of development in the mode of ensuring balanced socio-economic and innovative development.

2357-1330 © 2021 Published by European Publisher.

*Keywords:* Economy, Chechen Republic, socio-economic tasks



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## 1. Introduction

The situation in the world economy shows that a new stage that followed the post-industrial development of the economies of all developed world powers is the formation of a new development paradigm based on the economy of knowledge, intellectual labor, science, innovation, latest technologies, global information systems and technological venture capital. business. In the context of globalization, Russia's integration into the world economy, the creation of an innovative economy is a vector of modern development of our country. An innovative economy is based on accumulated human capital, which is a determinant component of the new socio-economic development of society. Idigova and Taymaskhanov (2011). The conditions for successful economic development, despite the globalization of the economy, are increasingly determined at the local (local, regional) level. A considerable part of the conditions for achieving competitive advantages, including the choice of a unique strategy for the development of the region, does not depend on a single enterprise. They are determined by the external environment in which they operate. Sustainable competitive advantages can arise from the concentration of highly specialized professional skills and knowledge, institutions, resources of enterprises in different industries related to each other by types of economic activity, as well as meeting the demand of consumers in their region and those living outside of it.

## 2. Problem Statement

The creation of a favorable climate for the sustainable development of the economy of the Chechen Republic with a gradual increase in its competitive advantages should take place taking into account the sectoral characteristics, specifics and potential of the region.

Occupying a special geopolitical position in the North Caucasus, the Chechen Republic has a significant impact on the political and socio-economic processes in the South of Russia.

Until 1990, the industry of the Chechen Republic was the largest sector of the economy of the republic, which included the industries of mechanical engineering, metalworking, instrument making, enterprises for the production and repair of oil, gas, electrical and medical equipment, as well as enterprises of light, furniture and woodworking industries. In terms of the volume, nomenclature and significance of the products, the republic occupied one of the leading places in the North Caucasus, had a steady trend of growth in all production capacities, and its products were exported to dozens of foreign countries of the world (Idigova, 2019).

For the first time in the USSR, the republic mastered the production of 115 types of machinery, equipment, apparatus and instruments, including 43 items for the first time in world practice. Only five years before 1991, about 200 flow mechanized, complex mechanized, 15 automatic lines were introduced at industrial enterprises. Oil production in 1991 amounted to about 5 million tons (21.6 million tons in 1972), processing industry reached about 19 million tons; the employment in the oil complex, taking into account related areas, reached about 200 thousand people. More than 100 types of products were certified with the "Quality Mark", which in the total volume of industrial products was about 25 %. An important fact is that before 1991, the industry of the republic had a steady growth in production.

Due to the socio-political crisis of the period 1991–2000, which led to tragic events – two military campaigns on the territory of the Chechen Republic – the analysis of socio-economic processes made it possible to highlight the following main features of the post-war situation in the republic:

- the structural crisis of the economy, caused by the almost completely destroyed socio-economic infrastructure;
- destruction of more than 90 % of objects of the budget-forming sphere of the economy;
- difficult financial situation of business entities;
- poor development of market infrastructure;
- lack of a system for the development and support of medium and small businesses;
- lack of jobs and an increase in labor market costs;
- a narrow range of investment attractiveness of spheres of activity, due to instability in the republic.

The analysis of the current state of the economy of the Chechen Republic carried out by the authors made it possible to single out the determining factors for the restoration and development of its industry:

1. The presence of enterprises of mechanical engineering, instrument making, metalworking, light and furniture-woodworking industries, and other enterprises subject to re-profiling.
2. The presence of a certain contingent of industrial and production personnel, scientific personnel, as well as a significant contingent of unemployed people of working age and a significant natural increase in the population.
3. Availability of a raw material base for the development of certain industries.
4. Possibilities of attracting powerful investments to the republic for the restoration and construction of modern high-tech industrial enterprises.
5. Meeting the needs of the republic in goods and products for industrial and civil purposes, imported from outside.

Each of the above factors can be involved in the medium and long-term programs for the restoration of the industrial complex of the Chechen Republic.

The priority directions of the republic's socio-economic development were proclaimed: the involvement of significant sections of the able-bodied population in socially useful work, the restoration of destroyed infrastructure and the entry of the national economy of the Chechen Republic into the all-Russian and international labor market (Republican target program (2012–2014)).

An important condition for solving this problem is the reconstruction, restoration and construction of new modern, high-tech enterprises. The priority sectors in the restoration of the industrial complex of the Chechen Republic are: oil production and oil refining; energy; mechanical engineering and metalworking, including the automotive industry; furniture and woodworking industry; light industry; enterprises for electrical engineering and instrument making; polymer production; assembly production.

### **3. Research Questions**

The subject of this study is theoretical and methodological patterns that are formed in the process of formation, functioning and development of the social sector of the region, taking into account the medium-term socio-economic problems.

### **4. Purpose of the Study**

The aim of the study is to develop theoretical and methodological provisions for the formation of tools for managing the development of the social sphere of the region and recommendations for its use in the context of the transition of the Russian economy to a socially-oriented type of development.

### **5. Research Methods**

To achieve the goal of the study, the work uses the methods of structural and functional analysis, - statistical, traditional methods of economic analysis: grouping, comparison, generalization.

### **6. Findings**

The first practical steps to attract investment in the industrial sector of the Chechen Republic were:

- creation of a joint venture LLC “Electropult-Grozny” for the production of electrical products (2005);
- organization on the basis of the Grozny Electromechanical Plant of a joint venture for the assembly production of freight and passenger elevators and electrical distribution equipment (2006);
- launch of a start-up complex for the assembly production of cars, model VAZ 21074 (2008), at the State Unitary Enterprise Argun Plant “Pishchemash”.

At the same time, the restoration process in the Chechen Republic, in terms of the pace of construction and repair work, does not meet the requirements for the prompt commissioning of enterprises for various purposes, does not contribute to the organization of additional jobs and the involvement of significant segments of the population in socially useful work (RF Government, 2010).

One of the reasons is insufficient and untimely financing of construction and restoration works. For instance, according to the federal target program “Recovery of the economy and social sphere of the Chechen Republic (2002 and subsequent years)” as of 01.01.2016, only 12 enterprises were commissioned (Republican target program (2012–2015)). If this trend continues in the future, the recovery process may drag on indefinitely. It is necessary to attract investments; the most important condition for attracting which for the development of the industrial sector is the formation of a favorable investment climate and activation of the process of involving investors, including from the regions of Russia and other countries. It is required to develop a set of measures to stimulate the attraction of foreign investment in addition to local and federal programs. Among them, the leading place should be taken by insurance mechanisms for all types of risks, a set of regional benefits, covering the costs of creating part of the infrastructure, etc.

In order to further develop the industrial complex of the Chechen Republic, primarily in the energy and automotive industry, it is advisable to include a number of technical and economic investment projects in the Strategy for the Social and Economic Development of the North Caucasus Federal District (Taymaskhanov, 2011).

In particular, the proposed projects in the field of energy, transport and communications will significantly influence the process of restoring the industrial sphere of the Chechen Republic.

In the field of *electric power generation*, it is proposed to build a cascade of hydroelectric power stations on the Argun to use of the hydropower potential of small mountain rivers, construction of the Grozny TPP.

In the area of the *oil refining complex*, it is proposed to build an oil refinery.

In the area of the *gas processing complex*, it is proposed to build a gas processing plant.

In the field of *renewable energy sources*, an integrated use of geothermal waters is proposed.

In the field of *construction and reconstruction of intra-settlement gas pipelines* (decision at the federal level), the proposals are justified by the fact that the commissioning of newly built inter-settlement gas networks will be impossible due to the unpreparedness of the intra-settlement networks to receive gas. During the construction of intra-settlement networks, 1.500 jobs will be created. The program costs approximately 9000.0 million rubles.

*In the field of reducing excess electricity losses*, the proposals are based on the decision of the Government of the Russian Federation. During the implementation of the program, 300 new jobs will be created. The cost of the program is 1600.0 million rubles.

The *development of the transport industry* involves the implementation of a number of measures:

- to increase the level of passenger traffic in the republic's settlements by opening regular bus routes in rural settlements, in fact, in those where there is no transport connection;
- to purchase buses with improved technical, economic and environmental characteristics for servicing regular bus routes;
- to improve the efficiency of the transport system through the introduction of advanced technologies;
- to improve the quality of services provided for the transportation of goods, shunting and loading and unloading operations;
- to ensure self-sufficiency in the repair and maintenance of rolling stock and track facilities;
- to increase the volume of services provided for the transportation of passengers and goods;
- to increase the level of comfort and safety of the transport system and its accessibility, including for people with limited mobility; creation of additional jobs, improvement of working conditions for employees;
- to include the transport complex of the Chechen Republic as an integral element in the international transport corridor "North-South" for the transit of goods using the advantages of road transport in organizing door-to-door transportation, accelerating the movement of goods, as well as increasing the mobility of the population.

In the field of *railway transport*:

- to improve the level of service to the population in freight transportation by rail;

- to provide a better-quality payable demand for the transportation of goods;
- to provide industrial facilities with timely delivery of goods;
- to ensure the safety of train traffic and shunting work;
- to restore a section of the “Grozny- Sleptsovskaya” railway line;
- to electrify the main railway lines throughout the Chechen Republic, which will increase the throughput, speed and safety of trains.

In the field of *urban electric transport*:

- to restore trolleybus traffic in Grozny on the main 4 trolleybus routes, since the trolleybus is the most economical and environmentally friendly means of transport, which will make it possible to free the congested central part of the city.
- In the field of *air transport*:
  - to bring the technical condition of the facilities of the airport in Grozny (Severny) up to the required international standards;
  - to increase cargo flows through the special port economic zone;
  - to resolve the issue of transferring the airport complex Grozny “Severny” and FSUE “Vainakhavia” from federal ownership to the ownership of the Chechen Republic.

For the implementation of the project of the republican target program “Development of the transport complex of the Chechen Republic for the period up to 2020”, it is planned to finance in the amount of 10,323.95 million rubles:

- 9,340.3 million rubles from the federal budget;
- 983.65 million rubles from the republican budget.

During the implementation of the project, it is planned to build 30 facilities. Implementation of the project will create up to 1,100 jobs (FTP, 2002).

As promising directions in the field of information and telecommunications, it is proposed:

- to form a modern information and telecommunications infrastructure, to provide high-quality services on its basis and ensure a high level of accessibility of information and technologies for the population;
- to create a unified automated control system of the Chechen Republic;
- to create and develop broadband access infrastructure, to build a multiservice communication network of the Chechen Republic with 100 % coverage of its territory, with the possibility of providing the entire range of infocommunication technologies.

The need for investments and sources of financing is 1.6 billion rubles.

## 7. Conclusion

Thus, the successful implementation of promising directions for the development of the economy of the Chechen Republic based on the generalization of regional resources, financial support from the state, market-oriented approaches to the development of the production sphere of territorial-economic systems will allow solving the complex of socio-economic problems of the republic, building a trajectory for its exit from the state of stagnation into the regime ensuring balanced socio-economic and innovative development.

In the context of the formation of a strategic vector for the development of the national economy, it is a priori necessary to provide all kinds of support to already existing actively functioning enterprises, the creation and development of effective mechanisms to stimulate the growth of the number of high-tech innovative structures.

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