

PROBLEMS OF INTERACTION BETWEEN THE REAL AND MONETARY ECONOMY SECTORS IN RUSSIA

The development of the real sector of the economy is a priority task of the state, as it provides population with goods and services. At the same time, the development of a competitive real sector is very important in the context of the international division of labor. Also, the growth of indicators of the real sector proves the growth of entrepreneurial activity, which is a sign of the competitive environment.

Undoubtedly, the state must do everything possible for dynamic growth of goods and services production, dynamic development of industries, since it directly affects the supply and demand of goods, and consequently the life of the population as a whole. But, unfortunately, resources and capacity of the state are limited. Hence, banks are forced to seek for resources and support from other sources.

Одним из таких источников являются коммерческие банки, которые предоставляют предприятиям реального сектора ряд услуг, призванных упростить операционную работу предприятий, а также удовлетворить необходимые потребности организаций при наличии или отсутствии свободных денежных средств.

One of these sources is commercial banks which provide the range of services for the real sector designed to simplify the operation of enterprises, and meet the needs of organizations whether free funds are available or not.

Sooner or later, any enterprise faces the question of the current banking service, additional funding, as well as investing of free funds in the bank. Therefore, the primary task of the banking sector is to meet the above-named needs. And it should meet these needs both from quantity and quality sides.

Thus, the interaction between the banking and real sectors of the economy primarily is an important development aspect of a real sector enterprise, and hence

for the region economy as well. At the same time, this cooperation is important for the banking sector, for which enterprises of the real economy sector are customers, and thus potential reserves of profit increasing.

The main feature of the innovative economy is efficient functioning of the financial-banking institutions in cooperation with the real sector of the economy in order to ensure its resources. Therefore, the key task under the conditions of innovative economy development is the organization of constructive interaction between the real and banking sectors. This process has a number of preconditions, namely: the need for restructuring of national economy; the need to establish an effective investment system; the presence in the economy of a significant volume of temporarily free financial resources not used in the investment process. Great importance has substantiation of interaction between credit and banking sector and economic entities corresponding to the specificity of the market relations and opening opportunities for commercial banks as financial intermediaries in the real sector of economy, and also aimed at achieving sustainable economic growth. Thus there is an obvious need to study the questions of interaction between the real and banking sectors, as well as studies of the closeness of their interaction.

Also, some economists refer the wholesale and retail trade to real sector.

Regardless of belonging to a structural branch of the real economy sector, they cannot exist apart from the banking sector. At a certain stage of existence of a company, organization, enterprise or corporation the question of raising of additional capital due to lack of own funds, investment of free funds, in order to accumulate resources for further development goals, or about settlement and cash service, which allows to keep accounts with partners in an easier way is inevitable. Here financial institutions represented by the banking sector are indispensable.

The banking sector of the economy is a system of relations caused by the functioning of the banking services market. From a business point of view, the banking sector is represented by the totality of banks and other credit organizations that provide banking services and meet the society needs of the credit and depository, clearing and payment services.

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The main interaction between the banking and real economy sectors is to provide bank services for enterprises. These are lending services, settlement services and raising of enterprises monetary funds for which they subsequently receive interest, and other related services.

The analysis of interaction between the banking and the real sectors of the Russian economy has shown both the growth of rates in the sphere of the real sector, namely the increase of enterprises profits in most sectors, also the growth of the number of companies and in the banking sector, namely the increase of the credit portfolio, profit, etc.

The analysis of interaction showed the discrepancy between businesses' needs and services offered by banks. Thus, we can conclude that cooperation of the banking and the real economy sectors in Novgorod region is inefficient. So, we have identified a number of cooperation problems in these sectors. Most of them are connected with the relations between banks and enterprises as a lender and a borrower.

One of the major problems is that interest rates on loans still keep high, being a daunting barrier for some enterprises, thus causing banks to loose some of potential profit. The problem to this cannot be solved without state intervention, which should encourage banks to lend to the real sector of the economy.

The next problem is the policy of the Central Bank of the Russian Federation, which is based on the total growth of lending to the real sector of the economy without considering its separate branches, does not see the need to stimulate the growth of lending, which is at odds with the growing needs of the real sector in the banking financing. Following the policy of the Central Bank, commercial banks do not cut interest rates, as it is not economically feasible for them. Considering also the weak competition in the banking services market and

strong demand for them, crediting in any case will be in demand, and thus, the banks do not need to install low interest rates. We see a possible solution of this problem in allowing the banking services of foreign banks to enter the home market, which will dilute actually oligopolistic market of loan capital, and therefore, will help set interest rates corresponding to the market rates.

Also, there is a problem of long-term resources shortage and all world economies are still trying to solve it. A possible way of solving it could be the introduction of irrevocable deposits, which will allow to increase the volume of active banks operations without breaking the Central Bank standards.

An important problem of interaction between the real and the banking sectors in the region is that the share of bank loans in the fixed capital investment is less than 20%. Considering the depreciation rate of fixed assets of enterprises in the region, the need to substitute them is quite high. It is clear that the motive for such behaviour of banks is a high degree of risk associated with the crediting of capital investments. The expansion of state order which reduces the risks of the bank may possibly solve this problem. Also, tax incentives for banks loaning capital investments can be offered.

Still, there is some distrust in banks and enterprises relationships, because banks fear of their misreporting, which leads to the toughening the assessment of borrowers creditability. The transition to IFRS can solve this problem.

In Novgorod region the negative results in some sectors of the real economy were noted in spite of growing lending to these sectors. Perhaps, the reason lies in inefficient loan spending by the enterprises themselves, and therefore the real economy sector needs qualified personnel that will be able to evaluate the enterprises loan need and also possible losses on these operations.

Thus, it requires the joint efforts of banks, enterprises and regulatory bodies to solve all these problems and improve interaction of the banking and the real sectors of the economy in Novgorod region.

Considering all revealed interactions, we can conclude that the banking and the real economy sectors are not interacting actively but are still fledgling. Both the enterprises, which should clearly understand their needs for additional funding and

act in accordance with them, and banks, which should increase the number of provided services and also improve their quality, are to develop mutual relationships.