

8th International Scientific Conference
Science and Society 2015

Zueva O.A., Cheremisin A.V.

**ROLE OF HOUSING AND
COMMUNAL SERVICES AS
ELEMENT OF SUBSECTOR OF
UNFINANCIAL SERVICES OF THE
REAL SECTOR IN NATIONAL
ECONOMY OF RUSSIA**

O. A. Zueva, Candidate of Economic Sciences, associate professor of business and commercial activity of St.Petersburg State University of ITMO, Russia

A.V. Cheremisin, Candidate of Technical Sciences, associate professor of Civil engineering and applied ecology, Construction institute, St. Petersburg Polytechnic University, Peter the Great, Russia

Abstract

Historical prerequisites of development of housing and communal services of Russia and its main objectives are considered. The structure of real sector of national economy of Russia as a part of a corporate split and a split of non-financial services is analysed. The role of housing and communal services as an important component of a split of non-financial services of real sector is especially allocated. The main problems of housing and communal services are analysed. Need of improvement of Uniform information and analytical system is confirmed.

Keywords: housing and communal services; split of non-financial services; real sector; national economy of Russia; uniform information and analytical system.

Introduction

The foundation of the housing and communal services (HCS) in Russia was laid in 1649 thanks to signing of "An order about town deanery" by the tsar Alexis I Mikhaylovich. However, since then the housing and communal services changed and include the different objects connected with life support of Russia.

**8th International Scientific Conference
Science and Society 2015**

Grounded theoretical and methodological approach as a basis of the solution of a number of key practical questions, such as improvement of quality of life of the population of Russia, conditions of its activity and self-realization, improvement of effective functioning of housing and communal services due to creation of an adequate control system, providing grants and improvement of financial and economic situation is important for housing and communal services of Russia now.

Requirements to creation of theoretical and methodological base of public administration of this split of national economy of Russia put forward need of accurate definition of essence and a role of housing and communal services.

Place of housing and communal services in national economy of Russia and its structural features

In the period of the USSR housing and communal services connect with allocation of a certain complex of a national economy [1] and creation of the Ministry of the municipal services in 1946 then transformed to the Ministry of housing and communal services in 1974. Now very often understand as housing and communal services "a difficult and diversified complex, a conglomerate of subsectors different in types of service and types of technological processes". In our opinion, the uniting factor of different subsectors is production of different types of services in market conditions for life support of the population, i.e. the housing and communal services are the making structure of real sector of national economy of Russia.

In our opinion, it is necessary to understand the basic element of social and economic system including the non-financial kinds of activity setting and defining backbone communications of national farms of different types [2] as real sector of national economy of Russia.

According to the world theory and practice (The program of the assessment of financial sector which is carried out by mission of the International Monetary Fund and World bank 2002 – 2003 of FSAP, SNS) the structure of real sector includes the institutional units occupied with market production of goods and non-financial services. Their resources are formed, mainly, by the means received from sales of goods and services, but institutional units have opportunity to cover the expenses with subsidies from the state budget.

Taking into account the international and domestic approach (on the basis of the All-Russian qualifier of types of economic activity) the structure of real sector of national economy

**8th International Scientific Conference
Science and Society 2015**

of Russia [2] can be presented a corporate split and a split of non-financial services:

1. The corporate split is the part of real sector presented by institutional subjects (commercial and non-profit organizations) making material goods and services for the purpose of satisfaction of requirements of society and maximizing there arrived also united by the form economic activity (the industry, agriculture, forestry, creation of hardware-software computer complexes, cargo transport, communication (on service of the enterprises of production sector), transportations, etc.

2. The split of non-financial services is a part of real sector to which institutional subjects (commercial and non-profit organizations) making the non-material benefits (communication services carry (on service of the organizations of non-financial services), passenger transport, services of telecommunication and virtual reality, service of leisure and entertainments, sport, tourism, consulting, science, education, health care, culture, legal profession, a notariate, etc.). The split of non-financial services in the functional value can be presented by the types of economic activity which are formed on the basis of group of the economic units which are carrying out the same economic functions or kinds of activity.

This structure of real sector most fully opens its economic and organizational essence. At the heart of division of real sector into a corporate split and a split of non-financial services the criterion of types of economic activity, namely production of the material and non-material benefits lies that most fully reflects the philosophical, historical and economic nature of real sector. The corporate split includes all types of a production activity as a result of which material benefits in the form of products, energy and in the form of movement of freights, storage of products, sorting, packaging, packing and other functions which are continuation of production in the sphere of the address are created. Other types of economic activity which aren't creating material benefits make a split of non-financial services. Besides, this structure of real sector of economy allows to analyse structure of national economy as allows to unite qualitatively uniform groups of economic units which are characterized by special conditions of production in system of public division of labor and playing a specific role in the course of expanded reproduction in different types of economic activity of economy. This structure gives the chance systematically to redistribute a manpower on work spheres of application for the purpose of their fullest and effective use. Besides, she helps to watch formation and development of new branches, including progressive, defining rates of scientific and technical progress and

**8th International Scientific Conference
Science and Society 2015**

making decisive impact on all course of economic development. Features of this structure of real sector allow to estimate the gross domestic product (GDP) and the national income (NI), to determine levels and rates of economic growth of different types of economic activity, according to the All-Russian Qualifier of Types of Economic Activity (ARQTEA), making means, to establish ratios between a corporate split and a split of non-financial services. She allows to judge the most general and essential general economy proportions and on this basis to establish stable production and non-productive relations in national and world economy, to plan optimum structure of a social production. Such structure allows to approach the international and domestic standards of the account as part of uniform system of classification and coding of all technical and economic information and promotes development of further standardization in the field of a corporate split and a split of non-financial services.

From the theoretical and methodological point of view approach to traditional understanding of housing and communal services of national economy of Russia it is closely connected with definition of types of work: productive and unproductive. Therefore, category housing and communal services has interrelation with reproduction process, such macroeconomic indicators as GDP and ND, as well as real sector, in general.

Thus, in Russia production of goods and the services "it is classified on the basis of the All-Russian qualifier of types of economic activity and the All-Russian qualifier of services" [3] that allows not only to unite different types of goods and services in concrete concepts but also to define types of economic activity in relation to a split of non-financial services and a corporate split of real sector.

Therefore, in our opinion, the housing and communal services are the part of a split of non-financial services of real sector making different types of services for the purpose of life support of the population which part different elements are: housing and communal services enterprise for supply with resources (water supply, water disposal, heat supply, gas supply, power supply), management companies, (condominium and HCC), sanitary enterprises (baths, laundries), etc.

Functional role of housing and communal services in system of socioeconomic relationship

Thus, the criterion of definition of essence of housing and communal services from the point of view of participation of these or those kinds of activity in creation of GDP is defining now, uniting production belonging of elements to real sector. Besides,

**8th International Scientific Conference
Science and Society 2015**

this category allows to consider at such structuring, first, functional mission of each enterprise, secondly, of feature of their type of market structure, namely: a combination in themselves the monopolized and competitive elements, thirdly, of performance of the important purpose of functioning of housing and communal services – not only maximizing arrived, and service on the benefit to interests of the population by providing comfortable living conditions. Thus, comfortable life support of the population affects the solution of the important tasks including not only management of different objects of housing stock, relating not only to a limit of a residential building, to the general property in houses, but also to improvement of infrastructure of municipal services that demands an integrated approach in ensuring high-quality services at the different levels.

Main problems of housing and communal services

Definition of housing and communal services as an important element of real sector puts forward a number of economic problems, from which the problem of tariff pricing demanding coordination of interests of three main subjects of national economy participating in process of rendering of services of housing and communal services is considered key: business, consumers and state.

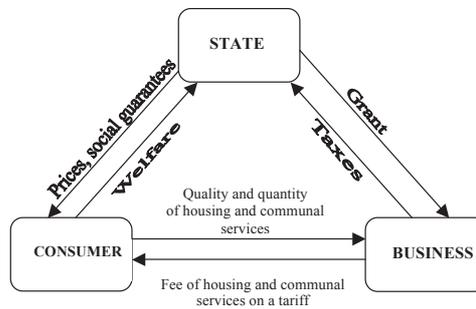


Fig. 1. The scheme of interrelations of subjects of housing and communal services in the conditions of tariff pricing.

**8th International Scientific Conference
Science and Society 2015**

The enterprises making housing and communal services for the purpose of maximizing their business arrived also rendering qualitative housing and communal services to the population.

The following subjects of national economy carry to them:

1) energy companies: different types of distributive networks (electric, gas and heating), the boiler, different types of power plants, gas plants serving settlements;

2) sanitary enterprises: engineering systems on water supply, the sewerage, the enterprises for cleaning of territories of settlements and sanitary cleaning of houses, baths, pools, laundries);

3) transport companies – city public passenger transport, etc.

Consumers include the population, the different enterprises and establishments of national economy needing housing and communal services.

The state includes the subjects of national economy interested in effective activity of subjects of housing and communal services as market agents, in receipt of taxes, in tariff regulation, in practice forming tariff policy in housing sector. The government bodies of the power operating at the different levels functioning of system of housing and communal services: The Government of the Russian Federation, federal executive authorities – Federal Tariff Service of the Russian Federation, the Ministry of Industry and Energy, the Ministry of Regional Development, the Ministry of Economic Development; regional and municipal executive authorities – the regional power commissions, regional and municipal committees, departments, services on price control and tariffs, etc.

Disorganization of the mechanism of pricing in practice causes groundless increase of tariffs and enormous differentiation of the price of housing-and-municipal services within one region. Researches on regional differentiation of tariffs [4] testify that if it decreases thanks to an embodiment of reasonable policy of formation of limit indexes of growth of the price of housing-and-municipal services at the federal level, the ratio of the maximum and minimum size of tariffs in the region reaches the considerable size.

The state tariff control strongly influences the organization of regulation of tariffs especially in the conditions of market instability.

Unfortunately, on the macro - meso - microlevel at the present stage there is no ideal methodology to control of formation and performance of level of adjustable tariffs which would give the

**8th International Scientific Conference
Science and Society 2015**

chance standardly to regulate also performance of control in practice.

When forming tariffs rather simple method of indexation of concrete articles of expenses in the borders approved at the federal level of limit indexes of growth of the price of housing and communal services is put very often into practice. Thus, in addition in practical activities, in each organization of regulation of tariffs the methods of justification of expenses on production and realization of housing and communal services, coordination of structure of actions, sequences of their execution, cooperation and coordination of actions between participants of the market of services are applied to legislatively approved methodical instructions.

It agrees [7], in housing sector there was a difficult situation, in connection with a number of problems:

- high depreciation of fixed assets, including housing stock and objects of infrastructure;
- opacity of financial activity;
- growth of tariffs for housing-and-municipal services;
- insufficient funding from the state;
- low level of investments and, as a result, decrease and (or) lack of prospects in development of the housing and communal services market.

According to experts [7], as the main reason extraordinary wear of fixed assets which in places reaches 85% serves, and the need of a housing-and-municipal complex for financial means is estimated in many trillions of rubles.

One of the reasons of high level of wear of objects of infrastructure of municipal services is the low level of long-term investments into the enterprises of a municipal complex. Therefore, such enterprises can carry out works on modernization of objects of municipal infrastructure only by means of the raised funds received for the account of substantial increase of tariffs that naturally causes discontent of consumers of utilities.

Formation of favorable conditions for inflow of investments from the private sector could change a financial position of branch radically.

Low investment appeal in housing and communal services is expressed that businessmen refuses to make money in this sector, motivating the refusal with such reasons, as:

- high "cost intensity" of production;
- capital construction demands serious financial support;
- payback of investment projects occupies long term;
- unstable tariff policy;

**8th International Scientific Conference
Science and Society 2015**

- insufficient transparency of financial streams;
- risks of loss of investments as result of unpredictable policy of the regional authorities [7].

According to most of experts, for creation of attractive conditions for involvement of private business in housing sector it is necessary:

- financial improvement of the organizations and enterprises of a housing-and-municipal complex;
- legislative establishment of a uniform order of tariff regulation;
- transfer of some types of service to self-sufficiency;
- carrying out the detailed stage-by-stage analysis of a control system housing and municipal complexes of all municipalities;
- formation of the market relations for the sphere of management of housing stock [7].

Thus, now special concern is caused by a condition of municipal infrastructure which conducts to growth of expenses on repair and to growth of losses of energy resources. In addition, the tendency to decrease in investments that is extremely important for ensuring results of managing of the housing-and-municipal sphere is observed. The financial position of housing and communal services causes a number of fears, the specific weight of the housing and communal services unprofitable enterprises makes more than 50%. Now the housing and communal services enterprise have a high debt, the branch is subsidized. The housing sector conclusion from quite serious condition is impossible without the corresponding budgetary support. Creation of a life support system which would guarantee improvement of quality of life of the population has to become a main goal of the state housing-and-municipal policy. [5 – 14].

Skillful management of housing and communal services has to play in the long term very significant role in public life as this sphere of activity is directly connected with continuous satisfaction of requirements of the population. Distinctive feature of housing and communal services is their big extent in time and need of their continuous providing [13].

Now the uniform state methodology of control doesn't exist. However, one of important methodological approaches, in our opinion, is the integrated approach which becomes possible with introduction in all subjects of real sector of national economy of Uniform information and analytical system [15].

Conclusion

**8th International Scientific Conference
Science and Society 2015**

The role of housing and communal services in national economy of Russia as an important component of a split of non-financial services of real sector, taking into account historical features of formation and structural features of housing and communal services is analysed. The functional role of housing and communal services in system of socioeconomic relationship is considered. Need of an integrated approach for providing qualitative housing and communal services at the different levels for the purpose of improvement of living conditions of people what requires improvement of infrastructure of municipal services is proved.

References:

- [1] Taran S.A. Taran I.V. The economic mechanism of innovative and investment activity in housing and communal services of the region. Stavropol: Public Educational Institution of Higher Professional Training North Caucasian State Technical University, 2007.
- [2] Zueva O.A. Zybin O.S., Kharitonova E.V. Essence, structure and functions of the real sector of the Russian economy. // Economy and Entrepreneurship. – 2014. - No. 5 (p.1).
- [3] Gorovoj A.A. Spatial distribution of the integration structures of sphere of service in a crisis Economy: Regional Aspects / AA Gorovoj. - SPb.: Asterion, 2014. - 136 p.
- [4] Bagel N.D., Lukina I.I., Romanov A.N., Chuvilin D.V., Sharipova L.K. Formation of system of tariff regulation on the basis of economic-mathematical modeling of parameters of activity of the organizations of a housing-and-municipal complex//Problem of modern economy. – 2012. - No. 4.
- [5] Vasilyev Yu.S., Syomin E.G., Gorbatova S.Yu., Soldatenko T.N. Technical operation of buildings and urban areas. Operation and management of the housing stock in terms of housing reform: studies. grant. SPb.: Publishing house Politekhn. un-that, 2012. – 392 pages.
- [6] Avanesyan V. R. The need to harmonize economic interests in housing and communal services//housing and communal services. Economy and business management of housing and communal services. Part 1. –2011. – No. 6. – Page 3-9.
- [7] Avdyushina V.A. Questions of functioning of the enterprises of housing and communal services: problems

**8th International Scientific Conference
Science and Society 2015**

- and tasks at the present stage. // Economy. Right. Management. Collection of works of young researchers of the Baikal state university of economy and right. Publishing house of BGUEP. Vyp. 2(2) 2014. [Electronic resource]. Access mode: <http://izdatelstvo.isea.ru/epm/archive.aspx?id=28>
- [8] Galazhenko O. N. Problems of functioning of housing and communal services in the conditions of reforming of branch / O. N. Galazhenko // Vestn. Volgograd. the state. un-that. – 2012. – No. 2 (21). – Page 15-21.
- [9] Komarova T.E. Management of the factors influencing the cost of housing and communal services / T.E. Komarova // Russian Entrepreneurship – 2012. – No. 21 (219). – Page 115-119.
- [10] Makarenya T.A. Current state and problems of functioning of the housing and communal services / T.A. Makarenya, Yu.S. Kotenko // Problems of Economics. – 2013. – No. 41 (320). – Page 22-29.
- [11] Report of the Minister of Regional Development of the Russian Federation I.N. Slyunyaev (Moscow, 12.04.2013) [Electronic resource]. – Access mode: <http://www.minregion.ru>
- [12] Pavlenkov M. N. A current state and problems / M. N. Pavlenkov, N. K. Kemaykin / Grew in the sphere of housing and communal services of the city. // Russian Entrepreneurship – 2013. – No. 19 (241). – Page 32-45.
- [13] Russia in figures – 2013: the statistical compilation. / Rosstat. – M, 2013. – Page 510.
- [14] Safurova G.I. The economic essence of the role of housing and communal services in the system of economic relations / G.I. Safurova // Financial Business – 2012. – May-June. – Page 35-39.
- [15] The federal law of the Russian Federation of July 21, 2014 No. 209-FL. "About the state information system of housing and communal services". [Electronic resource]. Access mode: <http://www.rg.ru/2014/07/23/gkh-dok.html>