

## **Financial measures to support small businesses through MFO with budgetary participation <sup>1</sup>**

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**Annotation.** In conditions of crisis phenomena, the role of financial measures of state support for the most unprotected stratum - small business entities - increases. One of the significant measures of financial support is the provision of microloans on concessional terms by microfinance organizations with budgetary participation. However, the capital of these MFOs at the expense of funds from the state is replenished irregularly, despite the fact that every year the requirements for their profitability are increasing more and more. This problem requires study and solution in the form of a long-term development strategy for microfinance organizations with budgetary participation.

**Key words:** financial support measures, financial resources, small businesses, microfinance organizations with budgetary participation, money capital.

The role of microfinance and, accordingly, microfinance organizations (MFOs) as active participants in the financial market and business structures that support and influence the solvency of the population and business entities, increases in crisis conditions, further aggravated by the low financial literacy of the population and insufficient availability of borrowed financial resources business entities [1, p. 64]. And a significant place in the MFO system is acquired by MFOs with budgetary (state) participation.

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According to the official website of the Federal Tax Service of the Russian Federation, as of January 10, 2021, the total number of small and medium-sized businesses in the country amounted to 5,684,561 units, including:

- 5 450 261 units (95.9%) - micro-enterprises;
- 216 615 units (3.8%) - small enterprises;
- 17,685 units (0.3%) - medium-sized enterprises.

According to official statistics, the share of small and medium-sized businesses in the Russian Federation by the end of 2020 should be 23.5%. In this regard, there is a growing need to implement urgent measures of financial support for this segment of the national economy.

In this connection, it is necessary to regularly send financial resources from the federal and regional budgets on a co-financing basis in order to replenish the capital of microfinance organizations. However, the resources for the capitalization of MFOs with budgetary participation in the amount of 13 billion rubles [2, 3] as part of the urgent support measures presented in the context of the spread of a new coronavirus infection were sent by the Government of the Russian Federation to the regions only in 2020, while from 2021 an increase the capital of microfinance organizations is assumed by calculation - in the amount of 5% of the available capital (in accordance with the Methodology for calculating indicators by the number of loans of the Ministry of Economic Development of the Russian Federation of 05/25/2020). Let's consider this situation in more detail.

Urgent measures of financial support in the form of microloans, financed from the Reserve Fund of the Government of the Russian Federation and the national project "Small and Medium Enterprises and Support for Individual Entrepreneurial Initiatives", from 2020 are characterized by the following conditions (Table 1).

Table 1. Conditions for providing microloans to small and medium-sized businesses as an urgent support measure from 2020<sup>2</sup>

| Conditions for the provision of urgent measures | Providing microloans  |
|---|---|
| Application consideration period                | No more than 1 business day   |
| Interest rate                                   | No more than the key rate of the Central Bank of the Russian Federation |

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|                           |                      |
|---------------------------|----------------------|
| Maximum term of provision | No more than 2 years |
|---------------------------|----------------------|

The interest rate on most microloans provided by MFOs with budgetary participation to SMEs is 4.25% per annum. At the same time, there are a number of preferential categories of microloans, such as "Monocities", "Interest-free", etc., for which the interest rate is 2.125% and 0% per annum, respectively. That is, even with the full repayment of microloans and the portfolio risk equal to zero, which in principle is impossible, the annual return of MFOs with budgetary participation in the Russian Federation in 2021 will be less than 4%. At the same time, operating expenses are not reduced at all, but rather increase due to the new calculation of reserves for possible losses on loans to MFOs [4].

Let us calculate the new requirements for additional capitalization of MFOs with budgetary participation using the example of the largest MFO in the Sverdlovsk region - the Sverdlovsk Regional Fund for Entrepreneurship Support. With the capital of MFOs as of 01.01.2021 in the amount of 1,744,170,170 thousand rubles, the required amount of additional capitalization in accordance with the requirements of the Ministry of Economic Development of the Russian Federation in 2021 will be:

$$1\,744\,170,170 * 5\% = 87\,208,508 \text{ тыс. руб.}$$

Then, as with the standard interest rate on microloans of 4.25% with full capital utilization, the annual income of MFOs in 2021 will be:

$$1\,744\,170,170 * 4,25\% = 74\,127,232 \text{ тыс. руб.}$$

Thus, the annual potential income of more than 13 million rubles. less than it is necessary to spend on additional capitalization of MFOs in accordance with the new requirements, and it is also necessary to ensure operating expenses and the formation of reserves.

The introduced regulatory changes will contribute to the exit from the market of MFOs with budgetary participation, their possible merger with other organizations of the infrastructure to support SMEs, or an increase in interest rates on other groups of preferential microloans, which will negatively affect the provision of borrowed resources for small and medium-sized enterprises, and also on maintaining their liquidity and solvency.

In this regard, the state requires the development and implementation of long-term programs to support SMEs through the MFO system with budgetary participation, which will

make it possible to ensure the long-term functioning of these entities and the progressive development of the national economy as a whole.

### References

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