

The on-going report on execution of the federal budget for January – June 2012

1. Execution of the federal budget in January - June 2012 was conducted in conditions of the **continuous economic growth**, decrease of the number of unemployed, relatively low rates of consumer prices growth. At the same time in January - June 2012 there was a considerable capital outflow from the country, **favorable conjuncture for main goods of Russian exports**, which was remaining unchanged during 2011 and the first quarter of 2012, from the end of April of the present year **deteriorated**, the ruble/US dollar exchange rate strengthening interchanged by its weakening.

2. **The inflation level** in June 2012 was 3,2 % (in June 2011 – 5 %), that is 2,8 percent points lower than the margin level, established for 2012. In June of the present year the inflation considerably accelerated, due mainly to the increase of prices for fruit and vegetable products.

3. **The total external debt of the Russian Federation** in accordance with the estimates of the Bank of Russia, has increased by 39,8 billion of US dollars, or by 7,3 % and on July 1, 2012 amounted to 585,1 billion of US dollars, that is by 70,8 billion US dollars or by 13,8 % more than the international reserves at the stated date and **without taking into consideration the funds of the Reserve fund and National Wealth fund – by 217 billion of US dollars or by 58,9 %.**

4. **The state debt of the Russian Federation** on July 1, 2012 amounted to **5,8 trillion rubles**, whereas the state **internal debt** amounted to **4,4 trillion rubles**, or 81 % of the established ceiling limit on January 1, 2013, the state **external debt – 1,4 trillion rubles (41,6 billion of US dollars)** or 73,6 % accordingly. Herewith **the expenditures for servicing of state debt amounted to 155,5 billion rubles**, that is 1,1 times more than summary expenditures of the federal budget for the reporting period for the environment protection, culture and cinematography, physical culture and sport, mass media, public utilities sector.

5. **The volume of state debt of the subjects** of the Russian Federation and the debt of **municipal establishments** decreased by 63,4 billion rubles and on July 1, 2012 amounted to **1 323,9 billion rubles**, including the state debt of subjects of the Russian Federation – 1 117,5 billion rubles, the debt of municipal establishments – 206,4 billion rubles.

6. **Before the beginning of financial year 63** or 95,5 % normative legal acts, provided by the schedule of preparation of normative legal acts on January 1, 2012

and 76,8 % of their total number (82) were adopted. On **July 1, 2012 74** of 80 or 92,5 % normative legal acts, provided by the schedule of preparation of normative legal acts on the stated date were **approved and adjusted**.

7. In January – June 2012 the federal budget was executed with the **surplus** in the amount of **251,3 billion rubles** (0,9 % GDP for the corresponding period), while in accordance with the Federal Law № 371 (with amendments) the approved deficit was fixed in the amount of 68,1 billion rubles (0,1 % GDP).

8. In January – June 2012 **the internal state borrowings amounted to 305,5 billion rubles, external borrowings amounted to 203,4 billion rubles. The balance** of the federal budget funds was increased from the beginning of the year by 1 641,8 billion rubles (by 29,3 %) and **amounted to 7 254,9 billion rubles**. Despite the decrease of the balance of the federal budget funds (without taking into consideration the funds of the Reserve fund, funds of the National Wealth Fund and funds of the federal budget, placed on deposits) by 997,6 billion rubles, its volume is still considerable – 2 443,8 billion rubles.

9. **The revenues** of the federal budget were executed in the amount of **6 201,5 billion rubles** or 48,9 % of the adjusted year forecast, that is by 895,2 billion rubles or by 16,9 % **more than the level of the corresponding period of 2011**. Oil and gas revenues were executed in the amount of 3 226,1 billion rubles or 50,5 % of the calculated volume of the oil and gas revenues, that is 685,7 billion rubles (or 27 %) more to compare with the corresponding period of 2011. The **aggregate indebtedness** to the budgetary system of the Russian Federation, relating to taxes and fees, which are administrated by the Federal Tax Service of the Russian Federation, penalties and fines on them increased from the beginning of the year by 38,6 billion rubles and amounted to **1 105,3 billion rubles**, **the arrears** increased by 31 billion rubles and amounted to **333,5 billion rubles**.

10. **Budgetary appropriations of the consolidated budget list** on January 1, 2012 amounted to 12 817,8 billion rubles, that is by **72,7 billion rubles** or by 0,6 % **more than the expenditures, stipulated by law**. In the consolidated budget list **the amendments** for the amount of 1 194,7 billion rubles were introduced, that is **1,7 times more** to compare with the corresponding period of the previous year.

11. **The expenditures** of the federal budget were executed in the amount of **5 950,3 billion rubles** or **46,7 %** of budgetary appropriations, stipulated by law and **46,4 %** of indicator of the consolidated budget list, taking into consideration the amendments and **exceeded the similar indicator for the last 12 years**. Herewith the level of execution of the budgetary appropriations, stipulated by law amounts from

24,9 % on the item “Housing and utilities sector” to 57,8 % on the item “Education”. The expenditures of the federal budget on 7 items of classification of the expenditures were executed before the average level (“National economy” – 39,1 %, «National issues» - 39,6 %).

12. With regards to **68** chief administrators of the federal budget (63 % of total amount) the expenditures were executed **below the average level** (46,4 % of the indicator of consolidated list with amendments), from them on **14** (13 %) – less than 30 %.

13. The execution of expenditures for **Priority National Projects** amounted to **151,2 billion rubles** or **45,1 %** of budgetary appropriations, stipulated by law and indicator of consolidated list with amendments, that is below the average level of execution of the federal budget expenditures by 1,6 percent point.

14. The cash **execution** of expenditures for **inter-budgetary transfers** to the budgets of subjects of the Russian Federation amounted to **716,9 billion rubles** or 54,9 % of the annual volume (1 305,6 billion rubles), calculated on the basis of budgetary appropriations, stipulated by law.

15. In January – May 2012 the cash execution of expenditures for implementation of the **Federal Target Programmes** amounted to **21 %** of budgetary appropriations, stipulated by law and 20,4 % of the indicator of consolidated list with amendments (public part). The execution of expenditures **was not effected in case of 6 Federal Target Programmes** (10,9 % of the total amount).

16. For January –May 2012 **the expenditures for state contracts on purchase of goods, works and services for the state purposes were executed at a low level.** The execution of the stated expenses relating to 8 chief administrators of the federal budget was less than 5 %.

17. As of July 1, 2012 the **total amount of funds of the Reserve fund** was **1 985,5 billion rubles** and increased to compare with the beginning of the year by 1 174,0 billion rubles (2,4 times), the amount of funds of the **National Wealth fund – 2 810,5 billion rubles** (by 16,1 billion rubles, or by 0,6 %).

18. The currency difference of the federal budget funds amounted to **109,5 billion rubles**, from them on the funds of the Reserve Fund - 83,5 billion rubles, on the funds of the National Wealth Fund – 19,9 billion rubles, on other funds – 6,1 billion rubles.