Managing balances in the Treasury Single Account of the Federal Budget

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Changes in the Budget Code of the Russian Federation

Year 2013

New powers – managing balances in the treasury single account of the federal budget
New powers – managing balances in the treasury single account of the federal budget

- Placement of funds to bank deposits
- Mobilizing funds of entities
- Credits to budgets of entities of the RF and local budgets
- Purchase of securities under REPO (repurchase) agreements
- Other transactions

Managing balances in the treasury single account of the federal budget

What has been done by 2013

- Reserve Fund
  - Using for covering deficit in the federal budget
- Segregation of oil and gas revenues
- Using for co-financing of pensions
- National Wealth Fund
- Daily accumulation of balances
- Territorial bodies of the Federal Treasury
- Daily support
- Mobilization of funds of organizations
- Placement of funds to bank deposits
- Cash Plan
Placement of funds of the federal budget to bank deposits

**To ensure** regular and frequent placement of funds

to guarantee a certain minimal size of offering funds for placement

taking into consideration data on the supply and demand situation in financial markets **to bring supply closer to demand**

to offer a varying by terms line of deposits that are placed during a calendar month

**to offer an open mechanism** for competitive selection of bids

to use a modern efficient trading platform

**to make deposits** of the Federal Treasury one of the “beacons” of the financial market

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Placement of funds of the federal budget to bank deposits

- All necessary regulatory and legal frameworks have been developed
- Interaction has been arranged for with chapters of the Bank of Russia with respect to exchange of information needed to provide for placement of funds
- Work of two Commissions - the Interdepartmental Commission of the Ministry of Finance of Russia and the Commission of the Federal Treasury - has been organized
- Two exchanges have been involved in placements – Saint Petersburg Foreign Currency Exchange and Moscow Currency Exchange
- 36 general agreements have been concluded with credit institutions in accordance with requirements set by the Government of the Russian Federation
- Elaboration and implementation of the necessary applied software have been taken care of
- Weekly, biweekly placements of funds of the federal budget to bank deposits have been provided for
- Submission of the report on placement of funds to the Ministry of Finance of Russia has been arranged for the purpose of including it in the budgetary reporting on execution of the federal budget
Placement of funds of the federal budget to bank deposits

Results of 2013:

- 104 placements have been made;
- Funds were placed for the period from 5 to 182 days;
- 844 agreements have been concluded;
- 5.9 trillion rubles have been placed;
- Demand from the side of credit institutions comprised 97.9%;
- Revenues comprised 30.6 billion rubles;

Attraction of funds

Information on balance of funds in the TSA in January – December 2013 (billion rubles)
Managing balances in the single account of the federal budget

What has to be done starting with 2014

TSA

- Using for covering deficit of the federal budget
- Purchase of foreign currency
- Segregation of oil and gas revenues
- Using for co-financing of pensions
- Placement of funds to bank deposits
- Credits to budgets of the entities of the RF and local budgets
- Mobilization of funds of organizations
- Purchase of securities under REPO (repurchase) agreements
- Daily accumulation of balances
- Territorial bodies of the Federal Treasury
- Daily support

Main terms and conditions for granting budgetary loans to replenish balances of funds on accounts of budgets of entities of the RF (local budgets)

1. Budget loans to replenish balances of funds on accounts of budgets of entities of the RF (local budgets) are granted by the Russian Federation to an entity of the RF (municipal unit formation) on the basis of an agreement concluded with a territorial body of the Federal Treasury.

2. The loan is granted at the expense of balances in the treasury single account of the federal budget.

3. The loan is granted in the amount not exceeding one twelfth of the budget revenues, except for subsidies, subventions and other inter-budget transfers for designated use.

4. The interest rate is one fourth of the key interest rate (2.06 % per annum).

5. The term of the loan should not exceed 30 days, provided it is repaid not later than November 25.

6. For the purpose of getting a loan a Loan Agreement is concluded (4 working days from the date of application until receipt of funds).

7. Only one loan is granted at a time.

8. A loan is not granted in case there are placed budgetary funds in bank deposits.
Results of granting budget loans for replenishing balances of funds on accounts of entities of the RF (local budgets) in 2014.

<table>
<thead>
<tr>
<th>Name of the indicator</th>
<th>2014</th>
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</thead>
<tbody>
<tr>
<td>Application concerning conclusion of an agreement on granting budget loans for the purpose of replenishing balances of funds on accounts of budgets of entities of the Russian Federation</td>
<td>44</td>
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<tr>
<td>Conclusion of Agreements on granting budget loans to replenish balances on accounts of budgets of entities of the Russian Federation</td>
<td>40</td>
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<tr>
<td>Termination of Agreements on granting budget loans to replenish balances on accounts of budgets of entities of the Russian Federation</td>
<td>0</td>
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<tr>
<td>The number of signed additional agreements to the agreement on granting budget loans to replenish balances on accounts of budgets of entities of the Russian Federation</td>
<td>39</td>
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<tr>
<td>The amount of granted budget loans (million rubles)</td>
<td>71,396.98</td>
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<tr>
<td>Amount of paid interests (million rubles)</td>
<td>67.03</td>
</tr>
<tr>
<td>Cases of untimely repayment of budget loans or payment of interest</td>
<td>-</td>
</tr>
</tbody>
</table>

Purchase of Foreign Currency

Purchase (sale) of foreign currency is done by the Federal Treasury within the limits of balances of funds in the single account of the federal budget in the amount of additional oil and gas revenues of the federal budget subject to be used for establishment of the Reserve Fund and/or National Wealth Fund.

Purchase (sale) of foreign currency is done by the Federal Treasury from the Central Bank of the Russian Federation at the official exchange rate of the Central Bank of the Russian Federation as of the date of settlement.

Purchased foreign currency is placed by the Federal Treasury to the bank accounts in foreign currencies opened for the Federal Treasury in the Central Bank of the Russian Federation.

Interest is paid on balances of monetary funds placed to bank deposits in a foreign currency in accordance with terms and conditions of the bank account agreement.
The procedure for calculation of interests for accounts in foreign currencies

The Bank pays interest on use of monetary funds deposited in accounts based on rates determined in accordance with the Procedure for calculation of interests of the bank account agreement:

\[ R_{j, t-1} = \max \left( 0; RR_{j, t-1} - 0.35\% \right) \],

max() - function of choosing the maximal value;

\( RR_{j, t-1} \) - the basic interest rate for the account in \( j \)th foreign currency shown as interest per annum and valid as of Day \( t-1 \).

The value of the interest rate set by the relevant central bank for the purpose of exercising influence on the level of interest rates in the economy is used as a basic interest rate.

- **On US dollars** the basic interest rate of the Federal Reserve System (%) is since 16.12.2008 – 0.25
  - The rate for calculation of interest earnings (%) \( 0.25-0.35=0 \)

- **On Euro** the basic interest rate of the European Central Bank (%) is since 13.11.2013 - 0.25
  - The rate for calculation of interest earnings (%) \( 0.25-0.35=0 \)

- **On Pound Sterling** the basic interest rate of the Bank of England (%) is since 05.03.2009 – 0.50
  - The rate for calculation of interest earnings (%) \( 0.50-0.35=0.15 \)