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ON THE SEARCH FOR EFFECTIVE ECONOMIC SOLUTIONS TO ENSURE A STABLE FINANCIAL CONDITION FOR ENTERPRISES IN THE REGIONS OF THE SOUTHERN FEDERAL DISTRICT AND THE NORTH CAUCASUS FEDERAL DISTRICT

Abstract: *In the article, the authors consider the role of quality as a tool for promoting the philosophy of quality in the production of competitive and in-demand products at light industry enterprises located in the regions of the Southern Federal District and the North Caucasus Federal District. At the same time, the authors absolutely reasonably confirm the possibility of such an implementation. If innovative centers are implemented, saturated with universal and multifunctional equipment, creating the prerequisites for the production of the entire range of footwear, namely: men's, women's and, most importantly, children's shoes, the demand for which is quite high in the regions of the Southern Federal District and the North Caucasus Federal District. And the use of software will provoke a significant reduction in the cost of its production and guarantee its sustainable implementation in domestic markets with unstable demand. And here it is important not to make a serious methodological mistake - to reduce economic policy to economic analysis, but to maintain the spirit of solidarity in the team - one for all and all for one - and success will surely find the seeker.*

Key words: *quality, demand, competitiveness, market, profit, demand, buyer, manufacturer, financial stability, sustainable TEP, priority, assortment policy, demand, implementation, paradigm, economic policy.*

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Introduction

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When we hear about the protection of Russian manufacturers of anything: machine tools and cars,

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clothes and shoes, food and furniture, etc., we always think about the shadow side of the coin from such innovations: the quality of goods. The enterprise loses the incentive to improve it and update the range, because in the absence of imports, people will take anything. But representatives of the light industry have something else in mind: the decriminalization of clothing and footwear entering the domestic market.

In total, according to expert estimates, the population of Russia buys about 600 million pairs of shoes. In 2021, the domestic industry produced more than 52 million pairs (in 2020 - 51 million pairs), 100 million pairs come from official imports. Where do the other four hundred odd millions come from? They are imported in all sorts of illegal ways.

The state of fixed assets of the footwear industry does not allow producing high-quality, sought-after products. The enterprises use mainly physically and morally obsolete equipment that is not capable of ensuring the use of modern technologies. The degree of wear of machinery and equipment is 76.8%, the share of completely worn-out machinery and equipment is 61.2%.

The average level of capacity utilization in the footwear industry remains the lowest in the light industry - less than 30%. More than half of the enterprises and organizations of the industry are unprofitable. The investment climate in the industry continues to be unfavorable.

A significant decrease in the production of children's shoes at most Russian shoe enterprises, including in the regions of the Southern Federal District and the North Caucasus Federal District, is associated with the abolition of subsidies from the federal budget, with the imperfection of taxation in the production of children's assortment, and the insufficient variety of shoe styles for its production, especially for high school students .

In the consumer market of the regions of the Southern Federal District and the North Caucasus Federal District, domestic manufacturers of goods for children were forced out by foreign manufacturers that supply cheap shoes from low-quality materials and with gross violations of compliance with GOST requirements. In addition, these shoes, for the most part, do not have certificates of conformity and hygiene certificates, which provokes discomfort when wearing them and various foot diseases.

But these shoes continue to be bought, since consumer demand acts as the main factor influencing the formation of the assortment, which is provoked by a shortage of dissatisfaction among the population in the types of children's shoes offered for purchase. When choosing shoes, the consumer relies on a certain set of requirements that he imposes on the product.

When choosing shoes, buyers are guided by the quality, convenience and relatively low price of products. Buyers' priorities also depend on their belonging to a certain age group.

To revive the production of children's shoes in the regions of the Southern Federal District and the North Caucasus Federal District, first of all, it is necessary to create a number of shoe industry enterprises in those subjects of the district where socio-demographic factors and low employment are pronounced: these are the republics of Chechnya, Dagestan, Ingushetia, Kalmykia.

But newly created enterprises need state support, because their own funds are insufficient, and borrowed funds are not available due to high rates. It is necessary to solve the common tasks of technological renewal of the industry at enterprises, replenish working capital, improve the efficiency of scientific and technical support for production for the manufacture of high-quality and affordable children's shoes.

What prevents the shoe enterprises of the Southern Federal District and the North Caucasus Federal District from successfully operating and producing that and so many shoes in order to succeed in filling their niche with competitive children's shoes?

The first of the problems- depreciation of equipment. Under these operating conditions, when many shoe enterprises receive income only enough to cover business-related expenses, then there can be no talk of re-equipping the enterprises' capacities. To solve this problem - and as a subtitle is the lack of investment to upgrade equipment - there are a number of opportunities, such as obtaining a bank loan, for readjustment and gradual phased replacement of existing equipment, and other methods.

However, the question arises, where is it most profitable, at minimal cost, to purchase equipment? The following figures can serve as an answer: 89.7% of all capacities involved in the footwear industry are produced abroad. In Russia, equipment for the production of shoes is practically not produced. Therefore, the following algorithm for solving this problem is proposed:

- to carry out an inventory and assessment of the technical level of production capacities that are still preserved. This is necessary in order to prioritize and predict the renewal of production.

- cancel for three years import customs duties and VAT on imported technological equipment for the textile and light industry, which is not produced in Russia.

- introduce differentiated taxation of fixed assets depending on the terms of their operation, thereby stimulating the renewal of their active part.

- exemption from taxation of that part of the profit that is directed to the modernization of production. That is, to seek the restoration of the previously existing benefit, which was actively working not so long ago and allowed most enterprises to solve their local problems.

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- creation in the country of an industry leasing company, possibly with the participation of state capital, in the likeness of the company "Agropromleasing".

- taking into account that the worn-out fixed assets of enterprises have practically no collateral value, to ensure that the federal executive authorities and the constituent entities of the Russian Federation act as guarantors for the implementation of the most significant technical projects.

Next problem- creation of conditions for fair competition for shoe enterprises, excluding the huge scale of illegal import of cheap low-quality products from abroad. To do this, it is necessary to increase the amount of customs duties on imported shoes.

To protect the domestic market from unfair competition, it is advisable to develop a law on the consumer market. It should, in particular, provide for

- a ban on trading organizations, including markets, to accept for sale goods from individuals who are not registered as an entrepreneur without forming a legal entity;

- Misleading reference to unfair competition: designation of the enterprise, false designation of the geography of origin of goods, counterfeit products, false accusations or unfair praise, complication of access to the market, etc.

To change the situation in the domestic shoe market of the regions of the Southern Federal District and the North Caucasus Federal District, and also, in connection with the need to meet the existing shortage of children's shoes, we proposed the following methods: to put into operation new production facilities to meet the existing deficit and place them in the regions of the Southern Federal District and North Caucasus Federal District, while we believe that to use existing empty buildings to reduce the cost of shoe production; in case of a shortage of working capital, recommend financial leasing, loans or factoring to enterprises; to produce shoes for children with different levels of family income, from materials of different cost, so that by varying the level of profit, including through the production of expensive shoes for an adult buyer, it would be possible to compensate for the costs of producing shoes from cheap materials for children. At the same time, it is desirable for each enterprise to sell such a volume of footwear in its price segment that will ensure not only a steady demand for it, but also the continuous development of the enterprise. This style of work is used by a developed enterprise for the production of children's shoes LLC "Egorievsk-obuv": to develop a range of footwear for children, taking into account the natural and climatic conditions and national characteristics of each subject of the region; to make shoes of various methods of fastening the workpiece from the top to the bottom (thread and combined methods of fastening); use nano - and innovative technologies in the production of children's shoes. This style of work is used by a

developed enterprise for the production of children's shoes LLC "Egorievsk-obuv": to develop a range of footwear for children, taking into account the natural and climatic conditions and national characteristics of each subject of the region; to make shoes of various methods of fastening the workpiece from the top to the bottom (thread and combined methods of fastening); use nano - and innovative technologies in the production of children's shoes. This style of work is used by a developed enterprise for the production of children's shoes LLC "Egorievsk-obuv": to develop a range of footwear for children, taking into account the natural and climatic conditions and national characteristics of each subject of the region; to make shoes of various methods of fastening the workpiece from the top to the bottom (thread and combined methods of fastening); use nano - and innovative technologies in the production of children's shoes.

Currently, other domestic shoe companies operating in a competitive environment with changing external influences are attaching more and more importance to conducting marketing research of their products. When underestimating the value of the results of the marketing system at a shoe company, its production capacities, intellectual and human resources become unclaimed. The dynamics of the impact of market demand on the range of shoes produced should be monitored by the marketing service at all stages of its life cycle and taken into account in systems responsible for the quality and quantity of manufactured products, their price, innovation, development of new types of products.

This is due to the fact that the situation on the market changes at each stage of the life cycle and requires a corresponding change in the strategy and tactics of the shoe company in the market, which is of particular importance.

Basic types of shoes go through 4-5 stages before disappearing from the market: introduction (introduction to the market), growth (development), maturity (stabilization), decline (decline and renewal of products), dying (dying and the beginning of a shoe assortment renewal cycle), namely:

the first stage is the presentation stage (the period of introducing new types of footwear to the market). At this stage, the demand for shoes is growing slowly. This is because the period when a new type of shoe is introduced to the market is not yet known to most prospective buyers;

At this stage, the company makes a small profit. Often an entrepreneur calculates losses, sometimes even very large ones. Retailers are usually very careful in replenishing their assortment with shoes that are at the presentation stage. They are aware that most regular customers are not familiar with shoes of this type, so there is always a difficulty in selling these types of shoes. At this stage, prices are set to a minimum, the enterprise has little or no profit;

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the second stage is the growth stage. If a given type of shoe survives the first stage, it continues to evolve. At this stage, sales increase rapidly. To meet the growing market, modified versions of the basic shoe model should be offered. Relative returns are high;

the third stage is the stage of maturity. At this stage, shoes have their own market and are in demand. At the stage of maturity, competition increases and reaches its maximum, as types of shoes from other manufacturers enter the market. As a result, profits are reduced overall and per unit of product, since discounting is widely used;

the fourth stage is the decline stage. At this stage, shoes that do not undergo any changes bother consumers, or the need that they were designed to satisfy disappears. An unpredictable reason for the decline in sales during the downturn may be the technical obsolescence of this type of footwear. During the recession stage, sales in the industry as a whole are reduced and many enterprises leave the market, as the number of consumers decreases, and the product range of shoes concentrates on models that sell best in the free demand market;

the fifth stage - the stages of decline and dying, i.e. the decline and renewal of the assortment of shoes, as well as the dying and the beginning of the renewal cycle with new types of shoes, are characterized by a slow and then a sharp drop in demand. In the face of declining sales and profits, manufacturers sometimes make efforts to restore demand for a particular type of footwear. They include the following steps: a new type of packaging, special advertising and price changes.

Although it is difficult enough to abandon the range of shoes produced, sooner or later, as sales continue to decline, entrepreneurs are forced to make such a decision. For shoes that are clearly in decline, sales representatives begin to reduce the number of deliveries, try to minimize repeat orders, then gradually phase out the supply of these types of shoes. They may even lower the price of leftovers in order to eliminate this type of footwear entirely. Thus, each stage of the footwear life cycle is a variable that determines the marketing activities in the target market.

The life cycle of footwear depends on the number of similar types of footwear, their competitiveness, as well as on the correct adoption of managerial decisions aimed at developing support measures to optimize the structure of the life cycle of this type of footwear.

The correct use of various marketing elements at various stages of the footwear life cycle is presented in Table 1.

It is very important to maintain the optimality of the life cycle, to determine the initial price for the type of footwear produced and the maximum possible price reduction, while maintaining the break-even production. To optimize this factor, the company should work out discount systems that allow attracting various consumer segments to purchase the company's products and thereby reduce the stock of manufactured but not yet sold products at the moment when it becomes clear that this type of footwear is losing its market share.

Table 1. The main elements of marketing at different stages of the life cycle of a type of footwear

Elements of marketing	Life cycle stages of a type of footwear				
	performance	growth	maturity	decline	dying
Goals	Bring product to market	Win a strong position	Maintain market position	Engage all stocks	Go to a new lossless lifecycle
Price	high	High, then slowly begins to decline	Stabilizes, then decreases	Keeps on falling	Minimal (up to scanty)
Sales channels	Agents supplying testing batches of goods	Channels are used to increase sales, wholesalers are included	All possible channels are involved	The number of distribution channels is decreasing	Only those channels that provide the minimum supply are active
Advertising	On the consumer properties of a new product, its advantages, its prestige is emphasized	Reinforced advertising, focuses on a variety of shopping motives	supportive, persuasive	supportive, reminiscent	reminiscent

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In addition, a shoe company can go for an initiative price reduction in case of underutilization of production capacities, a reduction in market share under the onslaught of an aggressive competitive environment, etc.

Main part

If an enterprise uses an initiative periodic price reduction as a tool to influence consumers, taking care of its costs, developing measures to reduce them by improving equipment and technology, introducing new types of materials into production, constantly improving the quality of shoes, then one should be wary of a premature or sharp decrease product prices. Because a retail consumer of shoes may have a stereotype about the “poor quality” of the goods offered to him. And as a result, the company will receive not an increase in profit due to an increase in sales due to a price reduction, but a sharp drop in demand for this type of footwear and, as a result, a decrease in sales and a negative financial result for this type of footwear.

Different enterprises have different approaches to determining the strategy for the production of a range of footwear, depending on the needs of the market, available resources, and demand characteristics. Moreover, the same shoe company can use different strategies for different types of shoes. The choice of strategy is usually based on its competitiveness. Various approaches or methods for analyzing the portfolio of orders are used, which allow evaluating the range of the manufactured assortment of footwear in terms of the profitability of its individual elements.

One such approach was proposed by the Boston Consulting Group. This method classifies various combinations of footwear with a differentiated production program based on what is known as a growth matrix, or “business line portfolio”.

The application of this approach requires taking into account the current and potential market segmentation, various time aspects of the profitability of a particular combination of footwear types, as well as the impact of competition. For example, an enterprise may be the largest in its industry, but at the same time not occupy a leading position in any of the market segments.

For shoe combinations that show low sales growth, it is remarkable that their market share is usually high and they can be offered to the consumer, since they are able to generate more revenue than is required for investment in production. These combinations of shoes are especially popular with salespeople because of their high demand and are attractive to the sales and marketing manager because they can bring in the real money needed to develop and support the sale of new or updated types of shoes.

The really tough challenges pose to management, marketing and sales managers for

footwear that has a small market share, often needs support, and lags far behind the leading products in terms of market position and consumer confidence. For those who deal with it, the following questions inevitably arise: will it become in demand, how much time and money will it take for it to be in demand, what is its prospects in the market? Such combinations of types of shoes, as a rule, do not enjoy the sympathy of sales agents. Small market share and weak demand, often low confidence and ignorance of buyers, weak advantages over competing types of shoes make it difficult to sell them. However, if there is a demand for them, sales agents should direct their maximum efforts to organizing their sales. However, the sales and marketing manager may find it necessary to introduce a special promotional commission rate and provide personal guidance to support salespeople's efforts to market these shoe combinations.

Consequently, only in a close alliance of manufacturers and distributors engaged in the sale of the range of footwear manufactured by these enterprises, it is possible to form highly efficient shoe enterprises in the Southern Federal District and the North Caucasus Federal District, capable of operating in a free market.

The formation of consumer demand is of current importance in the conditions of market relations, since knowledge of the processes of development, management and satisfaction of the population's demand for specific consumer goods makes it possible to make informed management decisions when drawing up a production program, planning retail turnover and its commodity supply. In addition, the study of the patterns of formation of the effective demand of the population for certain groups of goods makes it possible to purposefully influence the volume and structure of their production and consumption in order to identify the quantity of goods and their qualitative structure, which, in turn, will most fully satisfy the needs of the population with the available resources.

The shoe market is an integral element of economic relations, the participants of which are, on the one hand, shoe manufacturers, and on the other hand, consumers. Footwear is one of the most important goods produced by the light industry of the Russian Federation and imported from abroad. The degree of satisfaction of consumer demand, the profitability and profitability of manufacturers depends on the competitiveness of the assortment. The result of the interaction of the constituent parts of the market (demand, supply, price for shoes) is the possibility of maximum satisfaction of demand for products at a specific price.

The Southern Federal District and the North Caucasus Federal District are the most compact districts in Russia in terms of territory. Their total area is 589.2 thousand km² (3.5% of the territory of

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Russia), the population is 22.8 million people. (14.9% of the population of Russia). Demand factors include:

- comparative competitive advantage. The product must have distinct features or distinct advantages over existing analogues, products or services of competitors on the market;

- social orientation. At the same time, it is necessary that the product fits into existing social conditions, so that the proposed product corresponds to the current lifestyle and value system of the consumer;

- ability to satisfy the consumer. That is, the product must perform all the functions to meet the key needs and requests of the buyer.

Demand is driven by consumer preferences, where it is not the objective characteristics that are decisive, but the subjective perception of the properties of shoes - the purchasing value, consisting of a number of components. Therefore, it is important to establish by what evaluation criteria the buyer purchases shoes with the desired combination of properties.

When choosing shoes, the consumer relies on a certain set of requirements that he imposes on the product. This set of consumer requirements is presented in Table 2, which was formed according to the sociological survey of 1000 residents living in the city of Rostov-on-Don, conducted by employees of the Institute for Advanced Studies in the city of Rostov-on-Don.

The calculation method is that the number of respondents who assigned the first place to the parameter is multiplied by 9 points, as a maximum according to a nine-point system. Then the number of respondents who gave the parameter the second place is multiplied by 8 points. After polling all the respondents for the parameter under study, the sum of points is determined. This sum is further divided by 100 for ease of presentation. The parameter with the highest score is the highest priority, the one with the lowest score is the least priority. This technique has proven to be the most effective and has been used by marketing services for a long time, which is why it was preferred.

Table 2. Buyer priorities when choosing shoes

Parameter	The number of responses of buyers who prefer the place from 1 to 9									Indicator scores	A priority
	1	2	3	4	5	6	7	8	9		
Quality	424	283	175	118						80.1	1
Convenience	302	221	235	145	47	50				74.36	2
Affordable price	274	216	186	161	91	72				72.05	3
natural leather		182	170	198	155	123	172			56.2	4
Durability		98	163	204	193	184	88	70		52.5	5
Fashion			71	102	272	243	184	128		42.5	6
Design				72	145	179	201	246	157	31.3	7
Natural fur					97	149	228	282	244	25.7	8
Color							127	274	599	15.28	9
Total:	1000	1000	1000	1000	1000	1000	1000	1000	1000		

Thus, according to Table 2, when choosing shoes, buyers are guided by the quality (80.13 points), convenience (74.36 points) and price (72.05 points) of products. Buyers give the least preference to the color of shoes (15.28 points). Buyers' priorities also depend on their belonging to a certain age group. For all groups of buyers, the priority is the quality and comfort of shoes. Also, the marketers of the institute found that among other factors for buyers under 40 when choosing shoes is fashion and design, while for buyers over 40 it is the price. Only 35% of the surveyed buyers are satisfied with the quality of imported shoes, 32% - they note its low level of quality, 54% of buyers are satisfied with the quality of Russian shoes, 26% - the quality is not satisfied, 35% - consider domestic shoes quite comfortable, 39% -

uncomfortable. On average, shoppers purchase two pairs of shoes per year.

The data obtained reflect the gaps between the demands of buyers and the achieved level of domestic footwear production. That is, more than half of the respondents are satisfied with the quality of domestic footwear, but 39% of respondents consider domestic footwear uncomfortable.

If we focus on the fact that 47% of the population of the region are rural residents with a low level of income, then, accordingly, footwear produced in the region must first of all meet two basic requirements - convenience and low price. Then the released footwear will be successfully realized in the region. Of course, other characteristics are also important, especially if the target market is not only the regions

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of the Southern Federal District and the North Caucasus Federal District, but also the regions of Russia.

Shoe manufacturers want to know what to expect from the future state of the market. This knowledge is a matter of "life and death" for them. Who knows how demand, product supply and prices will change in a month, in a year, in five years, he can make the most effective commercial decision. Therefore, one of the most important functions of marketing is market forecasting.

A market forecast is a scientific prediction of the prospects for the development of demand, product supply and prices, carried out within the framework of a certain methodology, based on reliable information, with an assessment of its possible error.

To analyze the demand for shoes, we will calculate the aggregate demand in the regions of the Southern Federal District and the North Caucasus Federal District and make a forecast estimate of its behavior. Shoe manufacturers in the Southern Federal District and the North Caucasus Federal District are presented in Table 3.

Table 3. Shoe manufacturers in the Southern Federal District and the North Caucasus Federal District

Manufacturer's name	Issue in 2009, thousand pairs	Specific weight, %
SE KBR "Narbek"	43.3	0.36
FL Bris-Bosphorus LLC	11047.8	91.52
ZAO "Donobuv"	233.7	1.93
LLC "Mercury TV"	89.3	0.74
OOO "Mira"	175.7	1.08
FL CJSC "Donobuv Taganrog"	406.6	3.38
FL CJSC "Donobuv Salsk"	74.6	0.62
Total:	12071	100

Thus, the market capacity is $E = 12071$ thousand pairs (Table 3), which corresponds to 19917 million rubles.

Naturally, knowing the market capacity, it is possible to determine the coefficient that characterizes the satisfaction of demand, using the formula

$$k = \frac{E}{C} = \frac{19917}{137129,37} = 0,145, \quad (1)$$

The value of $k = 0.145$ indicates that there are huge reserves for enterprises in the regions of the Southern Federal District and the North Caucasus Federal District to increase the volume of sales, and with a greater degree of certainty it can be argued that the demand for products due to domestic shoe enterprises located in the territory of the analyzed two districts is not satisfied.

The resulting market development forecast showed a possible increase in market capacity ranging from 82,048.67 million rubles. up to 152376.07 million rubles.

According to the calculations, in the regions of two districts there is a shortage of footwear. Next, the quantitative value of the shoe shortage is calculated for each segment of the regions in the two districts.

The need for shoes was calculated from the recommended wardrobe indicators for children up to 4 pairs, women 5-7 pairs, men 3-4 pairs. Based on data on the required consumption and actual output of shoes, the size of the deficit is compiled for each assortment group and for each subject of the Southern Federal District and the North Caucasus Federal District.

The greatest shortage of shoes is observed in the North Caucasus Federal District, in some subjects it is 100%. Things are a little better in the Southern Federal District, where the shortage of shoes is 59.2%. In total, in the Southern Federal District and the North Caucasus Federal District, the deficit in shoes in 2009 was equal to 46,105 thousand pairs, i.e. 74%.

Thus, the presence of such a deficit, as it were, creates the basis for the organization of shoe enterprises in regions where today there is a tense social situation due to the lack of jobs, and only the goodwill of municipal, regional and federal branches could implement our proposals and significantly facilitate the life of multinational peoples these regions.

At present, after Russia's accession to the WTO, light industry enterprises of our country more than ever need product quality management systems in order to successfully compete not only in the domestic but also in the foreign market. This is especially true for footwear manufacturers, because the rather low quality level of domestic footwear is one of the reasons for its low competitiveness compared to foreign analogues of European manufacturers.

In Russia, 51.1 million pairs of shoes were produced in 2021, of which more than 35% were produced by enterprises in the Southern Federal District. Thus, the South of Russia occupies a leading position in the production of footwear in the country.

But, despite the large share in production, in the region the demand for shoes is satisfied only by 14.3%, and in the North Caucasus Federal District, due to the lack of shoe enterprises - 0.1%.

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Thus, more than half of footwear products are imported from other federal districts and from abroad, in addition, most of the footwear enterprises operating in the regions operate unofficially.

One of the options for solving the problem of reviving the shoe industry in the Southern Federal District, the North Caucasian Federal District and ensuring the demand for domestic footwear is the transformation of disparate light industry enterprises in these regions into a competitive shoe cluster.

A cluster is a group of geographically adjacent interconnected companies (suppliers, manufacturers, etc.) and related organizations (educational institutions, government bodies, infrastructure companies) operating in a certain area and complementing each other.

The regions of the Southern Federal District and the North Caucasus Federal District have the following competitive advantages for the formation of a shoe cluster:

- there are educational institutions that continue to train highly qualified personnel for the light industry;

- the regions are characterized by the presence of a large number of unemployed people (unemployed), the percentage of unemployed among women is especially high, which requires the creation of new jobs, reducing social tension in these regions;

- the possibility of producing shoes in a wide range, not only by type, but also by fastening methods, including for children, taking into account the national characteristics of those living in these regions;

- the potential for the development of the raw material base through the implementation of the program for the development of the number of cattle and pigs;

- the presence of local manufacturers of certain types of components and raw materials (JSC "Taganrog kozhzavod" Rostov region, LLC "Kozhzavod" Kabardino-Balkaria, etc.). The presence of a shoe cluster in the Southern Federal District and the North Caucasus Federal District will provide a number of advantages for its enterprises and regions;

- increasing productivity due to the most efficient combination of production factors, access to information, better coordination of activities, creation of public goods (skilled workforce, specialized infrastructure that reduces costs, etc.), stimulation of rivalry, limiting the impact of unfair competition;

- innovation is widespread due to rapid response to changing customer needs, availability of information about new methods, technologies, supply opportunities or experimentation at lower cost;

- the creation of a cluster contributes to the spread of new technologies, not only the relationship between enterprises is developing, but also the effective interaction of the shoe industry with science, education, which also affects the strategy of regional authorities;

- accessibility of enterprises and local organizations within the cluster to information about marketing, technology, current customer needs, which can be better organized and cost less, which allows enterprises to work more productively and reach the advanced level of productivity;

- Sharing the high costs and risks of innovation between network participants, which are beyond the power of an isolated firm. Reducing the costs of acquiring and disseminating knowledge and technologies becomes possible due to the inclusion of knowledge producers in the association, personnel migration between cluster members and continuous learning as a result of the implementation of formal and informal ties;

- the cluster has a positive impact on increasing the competitiveness of footwear products, influencing its two main components: price and quality. It makes it possible to reduce the cost of retraining personnel, consulting services, development and implementation of new technologies. Plus, the cluster will also solve social problems by providing a large number of jobs at the enterprises included in the cluster;

- implementation and certification by enterprises of a product quality management system in accordance with ISO 9000 series standards.

At present, product quality management guarantees a stable position for shoe enterprises in the Southern Federal District and the North Caucasus Federal District, so they it is necessary to radically change our attitude to the quality of products.

The current level of market relations requires the product manufacturer and service provider not only to ensure compliance with the requirements established for its products and services, but also to guarantee stability and reliability in its contractual obligations to the buyer. The saturation of the offers makes manufacturers win the trust of their consumers, as well as strive to anticipate their requirements and expectations.

In recent years, a practice has developed in which the main criterion for the reliability of a supplier of products or services is the presence of a certificate of conformity of the Quality Management System (QMS) with the requirements of international standards (IS) ISO (International Organization for Standardization) series 9000. This certificate confirms the presence of controlled conditions for the production of products of such quality, under which customer satisfaction is achieved.

The new version of the ISO 9000 series standards, GOST ISO 9000-2015, GOST ISO 9001-2015, which entered into force on January 1, 2016, reduced the number of standards and clarified the fundamental requirements for quality management.

These standards have become the most popular because of the significant promotional advantages they give the certificate holder over their closest competitors.

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The ISO 9000 standards are pretty versatile. They do not offer absolute quality criteria for each individual product and service. And they are based on the concept of quality, as the ability of products or services to meet the needs of people. Therefore, ISO 9000 standards only set the methodology for the functioning of the QMS at the enterprise, which should provide the required level of quality. The quality management system, developed in accordance with the ISO 9000 series of standards, is a means of achieving the following goals of the enterprise management:

- production of high-quality competitive products and at the same time obtaining maximum profit by monitoring product quality at all stages of its manufacture;
- improving the quality of work;
- performance improvement;
- reducing losses from marriage and unplanned expenses, eliminating or reducing costs associated with consumer claims.

The creation of an effective quality system at enterprises united in a cluster will make it possible to achieve the set goals at optimal costs and within specified time intervals.

The international standard ISO 9000 defines a QMS as a management system for directing and controlling an organization with regard to quality. The QMS is designed to organize the activities of the enterprise in such a way as to guarantee the quality of the products or services of the enterprise and “tune” this quality to the expectations of consumers (customers). At the same time, its main task is not to control each unit of production, each operation, but to make sure that there are no errors in the work that could lead to inconsistencies. The QMS focuses on the prevention of problems, which is relevant and important for the shoe industry.

Enterprises included in the cluster will receive such benefits as demonstrating the capabilities of the cluster to the customer, creating a favorable image; the ability to compete on an equal footing with certified companies; focusing the activities of the staff on achieving the goals of the company and the expectations of customers; achieving and maintaining the desired product quality; effective coordination of work, increased productivity, reduced costs; elimination of duplication of functions, optimization of information flows, improvement of performance indicators and business efficiency.

QMS that meets the requirements GOST ISO 9000-2015, is a guarantor of the stability of the organization's activities, as well as the fact that no force majeure circumstances will affect the cluster's ability to provide consumers with high quality shoes. The state of affairs of Russia's light industry is a special burning topic. In what state and what prospects does this industry have in Russia today? The critical situation in the shoe industry of the Southern

Federal District and the North Caucasus Federal District, not least, and the result of the inability of many managers of shoe enterprises in the Southern Federal District and the North Caucasian Federal District to quickly adapt to the new requirements put forward by the market, to the emerging competition from Russian and foreign manufacturers. Therefore, the current situation has led to the need to develop a strategy for the development of production for the production of a competitive range of footwear that is in demand on the shoe market of the Southern Federal District and the North Caucasus Federal District, near and far abroad and aimed at meeting consumer demand for domestic products and solving issues of improving the socio-economic situation in the regions through the creation of new jobs. In this regard, on the basis of a new aspect, a systematic organizational and structural methodological approach is proposed to consider and study the processes of development of the shoe industry in the Southern Federal District and the North Caucasian Federal District from the standpoint of the need to ensure global coordination of dispersed enterprises within the framework of an industry self-regulatory organization based on problem-oriented, purposefully formed and situationally constructed dynamic organizational - managerial clusters.

It is the formation of such organizational and managerial clusters that can solve a significant part of the crisis problems, increasing the degree of manageability of footwear industry enterprises. The project of creating an intersectoral cluster involves the use of not only the usual principles of hierarchical management, but also etarchic, which is based on the process of coordinating all participants in the cluster formation. The methodological basis for evaluating the effectiveness of the performance of a shoe enterprise would be a model for the formation of the competitiveness of an enterprise, according to which an assessment of the competitiveness of an enterprise would be possible on a quantitative measurement of the influence of factors on the competitiveness of products and the competitive potential of this enterprise. Today, the total volume of the market for light and textile products takes second place after the food market. On an annualized basis, this is more than two and a half trillion rubles, which is a significant amount of the country's GDP and, when compared with other industries, it is four times the market for consumer electronics and pharmaceuticals, and twice the market for the automotive industry, not to mention other industries. It is important that this industry is characterized by a high rate of capital turnover, which also favorably affects its investment attractiveness. In addition, light industry is an integral part of the development of the regional economy, making a significant contribution to the creation of jobs, primarily in the field of small and medium-sized businesses. Industry enterprises are located in 72

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regions of our country. There are several thousand enterprises and associations in this industry. At the same time, about 70 percent of these enterprises are city-forming for their regions. In total, about 400 thousand people work at these enterprises, respectively, 75 percent of them are women. Thus, the development of light industry is the most important task, both from an economic and social point of view.

The Ministry of Industry and Trade together with the Ministry of Finance, the Ministry of Economic Development and the Ministry of Defense and the regions of the two districts supported the development of a state program for the development of light and textile industries. This primarily concerns subsidies. The amount of subsidies for repayment of interest rates on loans for the purchase of raw materials in this industry has almost doubled. Next year, the amount of the subsidy will be increased to 640 million rubles. Also increased the amount of subsidies for the repayment of interest rates on loans for those. re-equipment, the volume was brought up to 225 million rubles and for the first time 275 million rubles were allocated for activities to promote products to the market. Such work will be carried out, among other things, within the framework of thematic collective stands at exhibitions and fairs, which are supported by the Ministry of Industry and Trade. It also continues to support scientific developments aimed at improving the raw material base and the production of innovative finished products through the development and implementation of new technologies. There is confidence that the competent systematic use of these measures by business circles with the support of regional authorities will allow Russian manufacturers to compete quite successfully with imported counterparts even in the context of Russia's accession to the WTO.

This is confirmed by the experience gained by Donetsk Manufactory. Today, the company occupies 60% of meeting the needs of the Russian market in terry products, and this despite the fact that in our market there is quite serious competition from our now WTO partners - China, Turkey and a number of other countries whose products have successfully proven themselves on this market. Therefore, it is very important to skillfully, just like our competitors from other countries, use methods in a timely and effective manner, including those to reduce discriminatory measures on the part of colleagues in relation to domestic products, which will allow skillfully and effectively, even taking into account entry into the WTO, conquer new markets and defend their positions. Of course, the development of the industry, including its technological modernization, is the task of private business. The state has no right to subsidize an inefficient investor. But for those who have taken this path of modernization, the Ministry will develop the existing tools, offering new mechanisms to attract investors. In particular, the issue of increasing the

amount of subsidies on loans for technical re-equipment to 90% of the refinancing rate and expanding the areas of subsidies for the construction of new enterprises is currently being worked out. Moreover, for a long time, the Ministry of Industry and Trade, together with the Ministry of Finance, have been looking for tools to help light and textile enterprises receive government support in order to guarantee them faster launch of modern high-tech production. The Ministry will develop the existing tools, offering new mechanisms to attract investors. In particular, the issue of increasing the amount of subsidies on loans for technical re-equipment to 90% of the refinancing rate and expanding the areas of subsidies for the construction of new enterprises is currently being worked out. Moreover, for a long time, the Ministry of Industry and Trade, together with the Ministry of Finance, have been looking for tools to help light and textile enterprises receive government support in order to guarantee them faster launch of modern high-tech production. The Ministry will develop the existing tools, offering new mechanisms to attract investors. In particular, the issue of increasing the amount of subsidies on loans for technical re-equipment to 90% of the refinancing rate and expanding the areas of subsidies for the construction of new enterprises is currently being worked out. Moreover, for a long time, the Ministry of Industry and Trade, together with the Ministry of Finance, have been looking for tools to help light and textile enterprises receive government support in order to guarantee them faster launch of modern high-tech production. Currently, the issue of increasing the amount of subsidies for loans for technical re-equipment to 90% of the refinancing rate and expanding areas of subsidies for the construction of new enterprises is being worked out. Moreover, for a long time, the Ministry of Industry and Trade, together with the Ministry of Finance, have been looking for tools to help light and textile enterprises receive government support in order to guarantee them faster launch of modern high-tech production. Currently, the issue of increasing the amount of subsidies for loans for technical re-equipment to 90% of the refinancing rate and expanding areas of subsidies for the construction of new enterprises is being worked out. Moreover, for a long time, the Ministry of Industry and Trade, together with the Ministry of Finance, have been looking for tools to help light and textile enterprises receive government support in order to guarantee them faster launch of modern high-tech production.

Currently, these ministries have revised their attitude to the most serious problem - counterfeiting. In October 2019, under the auspices of the Prime Minister, the next Anti-Counterfeiting Forum was held. This forum will now be held annually; in 2022, within the framework of the customs union, it will already be held in Kazakhstan. Today, the share of

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products of Russian enterprises in the domestic market does not exceed 25%. At the same time, the share of legal imports is about 40%. Accordingly, illegally imported and illegally produced products on the territory of the Russian Federation still account for more than 35%. This is a large volume, therefore, ousting illegal products from the market is the main reserve for the development of the industry. When there is such a situation on the market, it is impossible to adequately speak about the competitiveness of the Russian manufacturer, since the conditions for competition are too distorted by illegal products. A separate topic is the work of the industry within the framework of the Common Economic Space. The formation of the Eurasian Economic Commission makes it possible to take advantage of the natural advantages of each of the countries participating in this integration process. At present, within the framework of the EEC, it is planned to develop a joint program for the development of light industry in Russia, Belarus and Kazakhstan.

On December 16, 2011, the protocol "On the Accession of the Russian Federation to the Marrakesh Agreement Establishing the World Trade Organization of April 15, 1994" was finally signed in Geneva. At the same time, documents relating to the customs sphere began to operate, which directly affected the conditions for the import and export of goods.

Since Russia is actively involved in the processes of regional economic integration within the framework of the Customs Union, its entry into the WTO cannot but affect relations with Belarus and Kazakhstan. Therefore, in order to coordinate the work of the members of the Customs Union, on August 22, 2013, the agreement dated May 19, 2011 "On the functioning of the Customs Union within the framework of the multilateral trading system" came into force, in which the parties confirm their desire for an early accession to the WTO, aim at integration into the world economy and strengthening of foreign economic relations. According to the agreement, the provisions of the agreement on the establishment of the WTO become part of the legal system of the Customs Union, and the parties take all measures to bring it into line with this agreement.

One of the key and discussed during Russia's accession to the WTO was the change in the rates of import customs duties, which has a direct impact on the development of national production and the receipt of customs payments to the federal budget. The agreement excludes the possibility of exceeding the rates of the Common Customs Tariff over the rates of the import tariff in accordance with the agreements of the parties on joining the WTO.

In addition to import duties, Russia's accession to the WTO affects the rate of export duties and fees for customs operations. Thus, the Government Decree of July 21, 2012 N 756 approved new rates of duties

on goods exported from the Russian Federation outside the Customs Union. In addition, according to the Government Decree of 20.07.2011 N 595, the amount of fees for customs operations is reduced to 30 thousand rubles. in relation to goods, the customs value of which is more than 10 million rubles.

Thus, as a result of Russia's accession to the WTO, there were serious changes in the field of customs regulation. This should have a direct impact both on the foreign trade turnover of Russia and other members of the Customs Union, and on the development of national economies. Simplification of import-export operations is in line with Russia's chosen course of openness to the global trading system. The application of the new rules will reveal all the advantages and disadvantages of integration processes.

One of the conditions for Russia's accession to the WTO was, first of all, the observance of national interests in the field of international economic relations and in the sphere of the domestic economy. Moreover, these interests must be balanced and understood by the international community. At the same time, the WTO accession process is already serving as a catalyst for the necessary changes in the country, including changes in legislation. 90% of the necessary changes in the legislation have already been made.

The most important advantage of Russia's accession to the WTO is the reduction of the customs tariff and easier access to the Russian market for imported goods. The anticipated reduction in the tariff barrier (the weighted average tariff of 11% will be reduced to at least 9%) could lead to a reduction in government revenue from import taxation. However, there is reason to believe that tax revenues from imports may increase due to increased transparency in customs and an increase in the size of imports themselves. The Russian position in the negotiations with the WTO member countries is that there should be no real reduction in the level of customs tariffs after the country's accession to the WTO.

The ongoing discussion in the country on the issues of Russia's accession to the World Trade Organization, which in a number of cases acquires a state of panic, actually leaves aside the problem of exporting goods and services. But it is precisely the prospects for domestic exports that are the most important among the possible consequences of joining the WTO for the Russian economy.

When Russia joins the WTO, other countries should provide it with the most favored nation in trade (MFN) regime, which will create additional opportunities for domestic exporters. However, the structure of Russian exports is such that for the main part of exported goods (energy) the import duty is either zero or extremely low.

This means that Russia's accession to the WTO has not become a significant factor facilitating our

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export while maintaining its former dependence on the raw material structure. But joining the WTO gave Russia a chance and opportunity to improve the structure of commodity exports.

The government's plan for the adaptation measures needed to defeat foreign competitors in the World Trade Organization (WTO) is basically ready.

The WTO adjustment plan has not yet been approved. But a number of measures from it have already received decent funding when approving the state budget for 2023÷2025.

If the turnover of light industry products produced in 2021 in the domestic market of Russia is estimated at 2 trillion. rubles, the share of domestic producers is no more than 20%. And today half of imports consist of smuggling. However, in the course of negotiations with the WTO, import duties had to be reduced from the current 40% to 5% within three years. Consumers, of course, will only benefit from this. But in order to save the producers as well, the government proposed to the State Duma to legally exempt light industry, as has already been done with regard to farmers, from income tax. The 2023 federal budget provides for 2.5 billion rubles to make up for the losses of regional budgets. In total, 5 billion rubles are reserved in the budget for emergency assistance to domestic producers, who will suffer from Russia's accession to the WTO.

How, according to the Russian Union of Industrialists and Entrepreneurs (RSPP), enterprises that may suffer from the WTO should be rescued:

- lower taxes for them;
- reduce import duties on imported components, semi-finished products and raw materials that they use;
- abolish property tax on purchased equipment;
- introduce preferential treatment for investors;
- organize assistance in anti-dumping disputes;
- finalize anti-dumping legislation;
- encourage energy efficiency;
- simplify access to customs statistics;
- simplify the VAT refund procedure for exporters;
- accept international technical regulations;
- adopt international financial reporting standards;
- to expand the list of protectionist measures that do not contradict WTO rules (such as a recycling fee);
- provide priority access to public procurement;
- subsidize lending to lower rates;
- develop programs taking into account the characteristics of regions and industries;
- monitor compliance with WTO rules.

In this regard, the problem of increasing competitiveness through the use of international standards for products and services is one of the main problems of the modern economy.

In Russia, the fund of national standards has about 25 thousand standards, but only about 37% meet international requirements. Therefore, the improvement of systems for certification and standardization of products and services has become a strategic task of the Russian economic reform.

The international standards developed by the International Standards Organization, especially the ISO 9000 series (published in 1994), which establish quality requirements and become the basis for product quality management in about 400 thousand quality systems of private and public enterprises, have received the widest recognition in the world 150 countries. Their new version, which came into force on January 1, 2016 - GOST ISO 9000 - 2015, GOST ISO 9001 - 2015 - reduced the number of standards and clarified the fundamental requirements for quality management.

With the advent of quality system standards, a universal measure of comparison has emerged that allows you to assess which suppliers meet the established minimum requirements and which do not. Today, more than six hundred thousand enterprises in the world have certified their quality systems according to ISO 9000 series standards. In Russia, their number is progressively increasing. These standards have become the most popular in the history of ISO because of the significant promotional advantages they give the certificate holder over their closest competitors.

The experience of the last decades has shown that it is the quality of light industry products that today guarantees a stable position for shoe enterprises in the Southern Federal District and the North Caucasus Federal District. Those enterprises that expect to compete successfully not so much in quality as in price are deeply mistaken, they are in for bankruptcy because, firstly, a modern buyer is more likely to overpay to a competitor whose product turns out to be of better quality, and secondly, the more efficiently the quality system works the cheaper goods it will produce. Sometimes they say: the only correct way to win the consumer (and hence the market) is not to compete with manufacturers, but with their quality systems. In fact, there is a serious power in the quality system certificate, you just need to be able to release it. There are many examples among Russian enterprises.

The quality of training specialists is largely determined by the perfection of the equipment used in training, the use of modern information and pedagogical technologies.

In the training of specialists for light industry, the leading place belongs to the basic universities of the textile and light industry. The release of specialists who meet the requirements of modern production, who own advanced innovative technologies and computer design tools, is one of the main tasks of training modern highly qualified personnel.

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To implement the developed program for the development of light industry through the creation of new enterprises equipped with the latest equipment and technology, there is an increasing need for specialists with CAD skills. Fluency in various computer tools and automated systems is today's requirement for a graduate for any industry, including specialists for shoe and clothing enterprises. Their mastery of applied and universal systems, as well as their application in their field of knowledge, is the most rational way to achieve this goal.

In the current situation in higher education in Russia, in the new system for the preparation of bachelors and masters, multimedia technologies are not becoming an addition to the educational process, but a necessary and obligatory tool that allows preparing highly qualified personnel for light industry in higher educational institutions.

However, the acquisition of equipment in itself does not solve the problem of training specialists. The task of transition to new innovative technologies requires new methods of training specialists, in which the main place is occupied by methods based on multimedia - as a new direction in the education and training of highly qualified specialists.

This task must be solved and can give an effective result based on the use of advanced technologies and modern teaching aids, familiarization and mastering the experience of teaching similar disciplines abroad and developing our own teaching methods.

At present, conditions have been created for solving the tasks set. Teachers can undergo special training and fully master the skills of working on these systems. They will also prepare guidelines and manuals for performing laboratory and independent work in the disciplines of CAD and computer design of light industry products, guidelines for the final qualifying work of bachelors and master's theses. Currently, a lot of work has been done to create electronic textbooks in special disciplines. Establishment of the CAD/CAM laboratory will make it possible to conduct classroom activities using new pedagogical technologies and interactive methods.

The widespread introduction of the Gerber and Crispin system in the educational process allows:

- use active learning methods;
- to individualize learning in the conditions of collective cognitive activity;
- to integrate the educational and research activities of students;
- replenish the centralized fund of educational information and the necessary educational software;
- to create an information constantly updated database for the implementation of student design and research work;
- increase the effectiveness of practical and laboratory classes;

- improve the culture of education;
- increase the rate of accumulation of vocabulary;
- integrate science, education and production;
- carry out real projects for specific production conditions.

If the Ministry of Education and Science finances the training of specialists for the light industry in full, then we can confidently expect that the goals and objectives formulated by the Federal State Educational Standard of Higher Professional Education will be achieved.

Achieving the goal in the development of the shoe cluster is possible only through a comprehensive technological modernization of the real sector of the region's economy. With regard to the Southern Federal District and the North Caucasus Federal District, it is possible only if the interests of all participating economic entities are taken into account. These are areas such as:

- increasing the share of the innovation sector and introducing technological innovations at enterprises forming clusters;
- development of entrepreneurial activity in the field of large, medium and small businesses and mutual cooperation in order to introduce innovations, which leads to the expansion of existing and the creation of new clusters;
- strengthening links and interdependence between industrial enterprises and research and educational centers and schools;
- improvement of the territorial distribution of industrial enterprises.

In conclusion, considering the process of formation and implementation of cluster policy in the regions of the Southern Federal District and the North Caucasus Federal District, we point out that this is a difficult task, the development and implementation of which should be of a scientific nature. Its success depends on many factors and conditions, and the central place here belongs to the scientific principles of management and the desire for dynamic development of the regions of the two districts, the interest of all branches of government, both municipal and regional, and federal branches of government, which was confirmed by the decision of the Coordinating Council for Industry "On the situation in the light industry of Russia and its raw material supply", the work of which took place in December 2020 in Donetsk, Rostov Region, namely:

- the Department of Forestry and Light Industry of the Ministry of Industry and Trade of Russia, together with the relevant departments of the Ministry of Agriculture of Russia, to work out the issue of additional measures to develop the domestic raw material base for light industry, including a differentiated approach to subsidizing;

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– the Department of Forestry and Light Industry of the Ministry of Industry and Trade of Russia, in order to increase the investment attractiveness of the industry, to work with the relevant departments of the Ministry of Finance of Russia and the Ministry of Economic Development of Russia on proposals to increase the subsidy rate and expand the areas of subsidies starting from 2023;

– to recommend to the executive authorities of the constituent entities of the Russian Federation;

– prepare regional programs aimed at increasing the competitiveness of light industry enterprises and covering the entire production cycle, including the marketing component;

– get acquainted with the results of the most important innovative project being implemented by the Ministry of Industry and Trade of Russia Development and development of the production of innovative multifunctional dual-use textile materials (including school uniforms) and develop measures to promote the products of advanced Russian light industry enterprises to the regional market, including through regional and municipal state orders;

– the Department of the Automotive Industry and Agricultural Engineering, the Department of the Aviation Industry, the Department of the Shipbuilding Industry and Marine Engineering of the Ministry of Industry and Trade of Russia to consider proposals from light industry enterprises on the possibility of using Russian-made textile and leather materials for the automotive, shipbuilding and aircraft industries;

– departments of the Ministry of Industry and Trade of Russia, within their competence, to work with supervised enterprises and organizations on the purchase of special and working clothes from Russian light industry enterprises;

– Deputy Minister of Industry and Trade of the Russian Federation Evtukhov V.L. together with the Department of Domestic Trade, hold a meeting with representatives of light industry enterprises and associations on the issue of working with retail chains;

– the government of the Ivanovo region, together with the department of the chemical-technological complex and bioengineering technologies and the department of forestry and light industry of the Ministry of Industry and Trade of Russia, to finalize the business plan for the project for the production of polyester fibers and threads, taking into account the assessment of its effectiveness when working on imported raw materials (TPA and EG), and also the possibility of switching from 2022 to domestic raw materials;

– the Department of Forestry and Light Industry of the Ministry of Industry and Trade of Russia to initiate an appeal to the Ministry of Economic Development of Russia with a request to apply to the Eurasian Economic Commission to organize a trilateral meeting (Russia-Belarus-Kazakhstan) on the

issues of prompt exchange of data on customs statistics, implementation of joint projects in the field of light industry;

– to recommend to the heads of the constituent entities of the Russian Federation located on the territory of the North Caucasian Federal District (NCFD), in order to prepare a meeting with the Deputy Prime Minister of the Russian Federation - Plenipotentiary Representative of the President of the Russian Federation in the North Caucasian Federal District A.G. Khloponin to prepare and submit proposals to the Ministry of Industry and Trade of Russia by February 15, 2023 to stimulate the creation of industrial production in the North Caucasus Federal District, as well as to improve the regulatory legal framework in terms of providing federal, regional and local tax benefits and other preferences.

The goals have been formulated, the tasks have been defined - now the joint efforts of the federal, regional and municipal branches of government are needed to implement them.

First *the legal and organizational foundations for the formation of the Customs Union were determined back in the second half of the 1990s, when the Republic of Belarus, the Republic of Kazakhstan and the Russian Federation adopted the Agreement on the Customs Union of January 6, 1995, the Agreement on the Customs Union of January 20, 1995 and the Treaty on the Customs Union and the Common Economic Space of February 26, 1999, which were generally of a framework, declarative nature. These international treaties determined the goals, principles and mechanism of the Customs Union, the stages of its creation. However, the direct formation and development of the international legal framework and the institutional framework of the Customs Union began in 2007, when the Interstate Council of the EurAsEC within the framework of three states - the Republic of Belarus, Republic of Kazakhstan and the Russian Federation - was endowed with the status of the Supreme Body of the Customs Union and the Commission of the Customs Union was created - a single permanent regulatory body of the Customs Union, the main task of which was to ensure the conditions for its functioning and development. Natalya Borisovna Slyusar talks about the further formation of the Customs Union (CU) and the Common Economic Space (CES).*

- How did the improvement of the institutions and legal framework of the CU continue?

- The question touches on two aspects of the TS. They are, of course, interconnected, but I would mark them separately:

firstly, these are the legal aspects that are associated with the formation of the legal framework of the CU, which consists of international treaties and decisions of the CU bodies;

secondly, these are aspects of the formation of the institutions of the CU and the SES. We will

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consider them, but first I would like to give some general assessments of all the work that has been done within the framework of the EurAsEC on the formation of the CU and the CES.

The historical experience of the world community and the experience of the CIS states in taking measures to form customs unions should be taken into account.

All over the world, the 20th century gave rise to a new form of interstate economic integration in the form of customs unions, and, at present, there are more than 30 of them. Guatemala, Honduras, Nicaragua and El Salvador became members of the Central American Common Market. Costa Rica joined two years later. In 1963 a customs union between the European Union and Turkey (EU-Turkey Association) has also been established. And in 1964. An agreement was signed to create a customs union between Egypt, Iraq, Jordan, Yemen, Libya, Mauritania and Syria, called the Arab Common Market. The Organization of Eastern Caribbean States, whose members are Antigua and Barbuda, Grenada, Dominica, Montserrat, Saint Kitts and Nevis, Saint Vincent and the Grenadines, was established in 1991. We also know such customs unions, like the EU and Mercosur and others. By the way, the USSR is also a customs union, since the main features are obvious - a single customs territory, a single customs tariff, rules for trade with third countries, etc.

The growing number of customs unions, the expansion and strengthening of their position in the international arena indicate that this form of interstate integration brings huge economic, political, social and other benefits to their participants. The Union makes national economies much stronger, allows its participants to act as a single integrated economic and political bloc in international relations, increases the political and economic weight of states on a global scale, and also opens up great prospects for individuals in these countries, especially for business entities.

The Customs Union of Belarus, Kazakhstan and Russia was formed in accordance with the goals and objectives of the Treaty on the Eurasian Economic Community. Three states out of five at the first stage (in accordance with the decision of the Interstate Council of the EurAsEC) from October 6, 2007 began to form the Customs Union and the Common Economic Space, taking into account that these states are the closest to each other in terms of their economic development. In the future, other EurAsEC member states, Kyrgyzstan (an application has already been received) and Tajikistan, are expected to join the legal framework. At the same time, I draw your attention to the fact that the Customs Union under consideration is not an international organization as such, and as the above-mentioned international associations are listed, but a form of trade and economic integration of the

EurAsEC member states. The Customs Union of Belarus, Kazakhstan and Russia provides for a single customs territory, within which in mutual trade in goods originating in a single customs territory, as well as originating from third countries and released for free circulation in this customs territory, customs duties and restrictions of an economic nature are not applied, with the exception of special protective, anti-dumping and countervailing measures. On the territories of the CU member states, a single customs tariff and other uniform measures for regulating trade in goods with third countries are applied. To operate these rules, a number of international treaties have been signed. as well as originating from third countries and released for free circulation in this customs territory, customs duties and economic restrictions are not applied, with the exception of special protective, anti-dumping and countervailing measures. On the territories of the CU member states, a single customs tariff and other uniform measures for regulating trade in goods with third countries are applied. To operate these rules, a number of international treaties have been signed. as well as originating from third countries and released for free circulation in this customs territory, customs duties and economic restrictions are not applied, with the exception of special protective, anti-dumping and countervailing measures. On the territories of the CU member states, a single customs tariff and other uniform measures for regulating trade in goods with third countries are applied. To operate these rules, a number of international treaties have been signed. On the territories of the CU member states, a single customs tariff and other uniform measures for regulating trade in goods with third countries are applied. To operate these rules, a number of international treaties have been signed. On the territories of the CU member states, a single customs tariff and other uniform measures for regulating trade in goods with third countries are applied. To operate these rules, a number of international treaties have been signed.

- Is the common economic space also a form of economic integration?

- Yes, this is the next step in the development of economic integration of the EurAsEC member states. The customs union within the framework of the EurAsEC (CU) became the basis for the formation of the Common Economic Space (CES). The CES is a qualitatively deeper form of integration, providing for the free movement of not only goods, but also services, capital, and labor resources within the common customs territory of the CU. To this end, along with the unification of foreign trade regulation, the parameters of macroeconomic policy, the tax system, antimonopoly and labor legislation, and migration policy should be harmonized.

The regulation of these integration processes required the creation of its own institutional system,

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i.e. bodies empowered to adopt international treaties and other normative legal acts (rules, regulations, recommendations), by their own decisions.

Thus, on October 6, 2007, the Interstate Council of the EurAsEC (the Supreme Body of the Customs Union) at the level of heads of state adopted the first three international treaties aimed at forming the legal framework of the Customs Union:

Treaty on the Commission of the Customs Union (CUC).

Treaty on the Creation of a Single Customs Territory and the Formation of the Customs Union.

Protocol on the Procedure for Entry into Force of International Treaties Aimed at Formation of the Legal Framework of the Customs Union, Withdrawal from and Accession to Them.

A significant step in the development of the institutional framework of the Customs Union was made on December 12, 2008.

In order to further form the institutional framework of the Customs Union at the level of heads of government, the Agreement on the Secretariat of the Customs Union Commission was adopted. This is the working body of the Commission, the main function of which is the organizational and legal support of its activities. The Rules of Procedure of the Commission of the Customs Union were also approved, establishing the procedure for preparing and holding meetings of the Commission, the procedure for making decisions, their publication and entry into force. A new version of these Rules of Procedure was approved at a meeting of the Supreme Body of the Customs Union on November 27, 2009. In the period from 2018 to 2021, the system of bodies of the Customs Union was presented as follows:

- Interstate Council of the Eurasian Economic Community (Supreme Body of the Customs Union);
- Commission of the Customs Union;
- Court of the Eurasian Economic Community.

Also, four structures were created that are not included in the system of bodies of the CU, but perform a number of important functions that ensure its functioning:

- Expert Council within the Customs Union;
- Committee for the regulation of foreign trade;
- Coordinating committee for technical regulation, application of sanitary, veterinary and phytosanitary measures;
- Coordinating council on information technologies.

Since July 1, 2021, the Customs Union has been fully operational. On January 1, 2022, a package of 17 international treaties of the Common Economic Space, signed by the heads of state on December 9, 2020, came into effect. In accordance with the CCC agreements, functions were assigned not only in the field of foreign trade, but also in economic policy in general. This dictates the need to improve the institutional framework of the Customs Union and the

Common Economic Space. A total of 145 "supranational" functions, on the basis of 111 international treaties that form the legal framework of the CU and the CES, have been transferred for direct regulation to the powers of the CCC. These are the functions in scope:

- customs-tariff and non-tariff regulation;
- application of protective anti-dumping and countervailing measures;
- ensuring technical regulation and sanitary, veterinary and phytosanitary control in the Customs Union;
- maintenance of customs statistics of foreign trade and statistics of mutual trade;
- ensuring customs regulation in the Customs Union;
- ensuring the functioning of the CES.

In this regard, on November 18, 2021, the heads of states of the Customs Union signed in Moscow:

- Treaty on the Eurasian Economic Commission;
- Declaration on Eurasian Economic Integration;
- Decision on the Rules of the Eurasian Economic Commission (EEC) and the formation of a new, stronger apparatus of the EEC.

- What is the difference between the legal status of the Eurasian Economic Commission and the Commission of the Customs Union?

- From the date of entry into force of the EEC Treaty, the CCC is abolished. And the powers vested in the Commission of the Customs Union in accordance with international treaties that form the legal framework of the CU and the CES, as well as decisions of the Interstate Council of the Eurasian Economic Community (the Supreme body of the Customs Union), are transferred to the EEC. Thus, the status of the Commission does not change, but only its structure and work procedure, which I will talk about later. In addition, it should be borne in mind that in accordance with the said agreement, from the date of its signing, the Supreme Eurasian Economic Council exercises the powers vested in the Interstate Council of the Eurasian Economic Community also in accordance with the indicated agreements, international treaties of the CU and CES.

Now let's return to the newly created Eurasian Economic Commission (hereinafter referred to as the EEC). In accordance with Article 1 of the Treaty on the Eurasian Economic Commission dated November 18, 2021 (hereinafter referred to as the Treaty), the Parties established the EEC as a single permanent regulatory body of the Customs Union and the Common Economic Space.

The Commission consists of the Council of the Commission and the Collegium of the Commission. The procedure for the activities of the Council and the Collegium is regulated by the Rules of Procedure of the Commission, approved by the Supreme Eurasian Economic Council at the level of heads of state.

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As part of its activities, the Commission has the right to form structural subdivisions (hereinafter referred to as the Departments of the Commission), representative offices of the Commission in the Parties, by decision of the Supreme Eurasian Economic Council at the level of heads of state in third countries and their associations, as well as at international organizations.

The EEC, within its powers, adopts decisions that are binding on the Parties, and recommendations that are not binding. These decisions are included in the contractual and legal framework of the Customs Union and the Common Economic Space and are subject to direct application on the territories of the CU member states.

The Council consists of one representative from each Party, who is a deputy head of government, endowed with the necessary powers, in accordance with the legislation of the respective Party. Council meetings are held as needed, but at least once a quarter. The time and place of the next meeting of the Council are determined at the previous meeting of the Council.

The Board of the Commission is the executive body of the Commission, which develops proposals in the field of further integration within the framework of the Customs Union and the Common Economic Space. The Board of the Commission consists of 9 members, one of which is the Chairman of the Board of the Commission. The composition of the Board of the Commission is formed according to the principle of 3 members of the Board of the Commission from each member state of the CU, who are appointed by the decision of the Supreme Eurasian Economic Council and work on a permanent basis in the Board for 4 years.

The activities of the Supreme Eurasian Economic Council, the Council of the Commission and the Collegium of the Commission are ensured by international employees of the departments of the Commission.

- We have considered the bodies of the Customs Union and the Common Economic Space representing the system of executive power, but what about other institutions of the Customs Union, for example, the Judicial system of the Customs Union? Is the activity of the EurAsEC Inter-Parliamentary Assembly changing?

- The competence of the EurAsEC Court, the legal status of which is determined by the Treaty on the Establishment of the Eurasian Economic Community of October 10, 2000 and the Statute of the EurAsEC Court, approved by the Decision of the Interstate Council of the EurAsEC dated July 5, 2010 No. 502, was expanded in connection with the formation of the Customs Union and the introduction of As a result of this change in Art. 8 of the Treaty on the establishment of the EurAsEC (Minutes of October 6, 2007 on amendments to the Treaty on the

establishment of the Eurasian Economic Community of October 10, 2000).

The main task of the Court is to ensure the uniform application by the member states of the Customs Union of international treaties in force within its framework and decisions taken by its bodies. The Court also considers disputes of an economic nature arising between the member states of the Customs Union on the implementation of decisions of bodies and provisions of CU agreements, gives explanations on them, as well as conclusions.

After the unification of the customs territories of the states forming the Customs Union, the Court shall exercise the following powers:

- considers cases on the compliance of acts of the CU bodies with international treaties that form the legal framework of the Customs Union;
- considers cases on challenging decisions, actions (inaction) of the CU bodies;
- gives an interpretation of international treaties that form the legal basis of the Customs Union, acts adopted by its bodies;
- resolves disputes between the Commission of the Customs Union and the states that are members of the Customs Union, as well as between the member states of the Customs Union on the fulfillment by them of the obligations assumed within the framework of the Customs Union.

The jurisdiction of the Court may also include other disputes, the resolution of which is provided for by international treaties of the Customs Union. Such an international treaty is the Agreement on Appeal to the Court of the Eurasian Economic Community of Economic Entities on Disputes within the Customs Union and Features of Legal Proceedings on Them of December 9, 2010, according to which the Court is empowered to consider cases on applications of economic entities:

- on challenging the acts of the Commission of the Customs Union or their individual provisions;
- on challenging the actions (inaction) of the Commission of the Customs Union.

The basis for challenging the acts of the CCC or their individual provisions or actions (inaction) of the Commission of the Customs Union is their inconsistency with international treaties concluded within the framework of the CU, which resulted in a violation of the rights and legitimate interests of economic entities granted by these international treaties in the field of entrepreneurial and other economic activities.

- For more than 10 years, the functions of the EurAsEC Court have been carried out by the Economic Court of the CIS. Such powers were assigned to him on the basis of the Agreement between the Commonwealth of Independent States and the Eurasian Economic Community. Is there any plan to change this situation?

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- From January 1, 2022, the EurAsEC Court began its independent activities. Funds have been allocated for the formation of the Secretariat of the Court. In December 2011, the EurAsEC Inter-Parliamentary Assembly appointed judges of the EurAsEC Court. In accordance with the Protocol on Amendments to the Statute of the Court of the Eurasian Economic Community dated July 5, 2021, a provision is introduced according to which the Court, as part of the consideration of cases based on applications from economic entities, is entitled, in exceptional cases, to hold one or more off-site meetings in a place other than seat of the Court. Considering that the EurAsEC Court was formed and began its independent activity, the question arose of the continued existence of a quasi-judicial body in the system of bodies of the CU, which is the Expert Council within the framework of the Customs Union. This Expert Council was authorized to consider applications from economic entities of the Customs Union member states on the issue of compliance of binding CCC decisions with the legal framework of the Customs Union. However, from the moment of its formation, the CCC Secretariat has not received applications from business entities that would have been drawn up in accordance with the Regulations on the Expert Council.

- Let's return to the question of the formation of the legal framework of the Customs Union and the Common Economic Space.

- Formation of the legal framework of the Customs Union and the Common Economic Space was carried out in stages, but in a very short time. It should be taken into account that the decision to form the legal framework of the CU and the CES was made by the heads of state during the crisis of the global financial system, which could not but affect the state of the economies of the states of the Eurasian Economic Community (EurAsEC).

In order to avoid further economic recession of the EurAsEC member countries, the heads of state of Belarus, Russia and Kazakhstan decided to create conditions for the restoration of a capacious domestic market, within which to create conditions for the preservation and modernization of the production of the three states, as well as to increase the competitiveness of the economy on a new technological basis. In this regard, on January 25, 2020, the Supreme Body of the Customs Union at the level of heads of government adopted 9 international agreements in the field of customs, customs-tariff and non-tariff regulation. The heads of government also determined the principles for levying indirect taxes on the export and import of goods, the performance of work and the provision of services in the Customs Union.

In the period 2019 - 2021 Within the framework of the Customs Union, the Agreement on the Procedure for the Introduction and Application of

Measures Affecting Foreign Trade in Goods in the Common Customs Territory in Relation to Third Countries and the Agreement on Licensing Rules in the Field of Foreign Trade in Goods were adopted.

In addition, in accordance with the Treaty on the Creation of a Single Customs Territory and the Formation of the Customs Union of October 6, 2007, the stages and terms for the formation of a single customs territory of the Customs Union of the Republic of Belarus, the Republic of Kazakhstan and the Russian Federation were developed and approved, providing for three main stages of the formation of a single customs territory of the TS. In particular, the following stages are defined:

preliminary - until January 1, 2020

the first - from January 1, 2021 to July 1, 2021

the second - from July 1, 2021 to July 1, 2021

At the same time, the heads of state determined the final date for the creation of a single customs territory of the Customs Union - July 1, 2021. At the preliminary stage, two main tasks were solved: completing the formation of the legal framework of the Customs Union and organizing a phased transfer of agreed types of state control, with the exception of border control, to external outline of the single customs territory.

On November 27, 2019, the heads of the member states of the Customs Union signed the Treaty on the Customs Code of the Customs Union. Thus, the codification of the customs legislation of the Customs Union has been carried out, which indicates a qualitatively new level of interstate economic integration.

In the field of customs-tariff and non-tariff regulation, the Interstate Council of the EurAsEC approved the unified Commodity Nomenclature for Foreign Economic Activity of the Customs Union (TN VED CU) and the Unified Customs Tariff of the Customs Union (CCT CU). The heads of state also decided to transfer to the CCC a number of important functions in the field of customs-tariff and non-tariff regulation, provided for by the relevant international treaties of the Customs Union, in particular, the maintenance of the CU CCT.

In the field of consumer rights protection, the Supreme Body of the Customs Union decided to empower the EurAsEC Court with the functions of resolving disputes within the CU.

At the same time, the Expert Council, empowered to consider applications from legal entities and individuals engaged in economic activities of the Member States of the Customs Union on the compliance of CCC decisions with its legal framework, has become a mechanism for direct appeal of the Commission's actions.

As part of the preliminary stage, international agreements on technical regulation, sanitary, veterinary and phytosanitary measures were also adopted.

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In accordance with the tasks of the first stage of the formation of a single customs territory of the CU member states, from January 1, 2010, the Customs Union Commission has been working to exercise its powers in the field of tariff and non-tariff regulation of foreign trade of the Customs Union.

So, from January 1, 2021, a number of international treaties and regulatory legal acts in the field of customs and tariff regulation came into force, including the FEACN of the CU and CCT of the CU. Three agreements of the Customs Union on non-tariff regulation have also come into effect since that date.

In order to implement Art. 57 of the Customs Code of the Customs Union, the Unified Database of Preliminary Decisions of the Customs Union on the Classification of Goods and the Technical Conditions for the Transfer of Data on Preliminary Decisions on the Classification of Goods have been developed.

The Commission of the Customs Union, within the framework of its powers, approved the List of goods for which quotas and volumes of tariff quotas have been established for the import of goods into the territory of the member states of the Customs Union, as well as the List of goods that are essential for the internal market of the Customs Union, in respect of which, in exceptional cases temporary restrictions or export bans may be established.

In connection with the entry into force of the Treaty on the Customs Code of the Customs Union, the norms of which are largely of a reference nature, it became necessary to put into effect simultaneously with the Code the legal mechanisms developed to implement its provisions.

Thus, on May 20, 2021, an Agreement was signed on the establishment and application in the Customs Union of the procedure for crediting and distributing import customs duties (other duties, taxes and fees having an equivalent effect). The Agreement establishes a single unified mechanism for crediting and distributing among the member states of the Customs Union of import customs duties, other duties, taxes and fees having an equivalent effect.

In development of the provisions of the adopted international treaties of the CCC Customs Union, a number of important legal acts in various areas of regulation were approved, among them, in particular, among them:

- 1) in the field of customs regulation:
 - forms of customs declarations and instructions for their completion;
 - the procedure for conducting customs expertise during customs control;
 - forms of general registers of persons carrying out activities in the field of customs;
 - instructions on the procedure for using transport (transportation), commercial and (or) other documents as a declaration for goods; and etc.;
- 2) in the field of customs and tariff regulation:

regulation on the procedure for the technical maintenance of a unified TN VED CU and the Regulations for interaction on issues of maintaining a unified TN VED CU;

- regulation on the procedure for making decisions and clarifications by the CCC on the classification of certain types of goods, etc.;

3) on the application of sanitary measures, the implementation of veterinary control and the application of veterinary and sanitary measures, as well as technical regulation adopted a number of lists of goods to which these measures apply, and provisions on the procedure for their implementation.

The second stage in the creation of a single customs territory of the Customs Union was also associated with the entry into force of the Treaty on the Customs Code of the Customs Union. The Customs Code came into force, and the single customs territory of the Customs Union was formed for the Republic of Kazakhstan and the Russian Federation from July 1, 2021, and for the three member states of the Customs Union - from July 6, 2021.

as well as the formation and maintenance of the Unified Register of Certification Bodies and Testing Laboratories (Centers) of the Customs Union. As part of the development and application of information technologies in the Customs Union, two fundamental agreements were adopted: the Agreement on the Creation, Operation and Development of the Integrated Information System for Foreign and Mutual Trade of the Customs Union and the Agreement on the Application of Information Technologies in the Exchange of Electronic Documents in Foreign and Mutual Trade in the Common Customs Territory CU, as well as approved the Concept for the creation of an Integrated Information System for Foreign and Mutual Trade of the Customs Union.

In addition, from July 1, 2021, the Customs Union Agreement on Sanitary Measures, as well as the Customs Union Agreement on Veterinary and Sanitary Measures and the Customs Union Agreement on Plant Quarantine dated December 11, 2019, came into force, in connection with which, the Commission of the Customs Union were given the appropriate powers.

In order to develop interstate cooperation in criminal cases and cases of administrative offenses, on July 5, 2021, the heads of state signed an Agreement on the Peculiarities of Criminal and Administrative Liability for Violations of the Customs Legislation of the Customs Union and the Member States of the Customs Union and an Agreement on Legal Assistance and Cooperation between the Customs Authorities of the States -members of the Customs Union in criminal cases and cases of administrative offenses. In accordance with these international treaties, the features of bringing to criminal and administrative responsibility persons who have

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committed offenses in the territory of the Customs Union are determined. Also established bodies authorized to carry out proceedings in criminal cases and cases of administrative offenses.

To date, the Action Plan for the Formation of the Customs Union has been largely implemented. The successful work of specialists in the formation of the legal framework of the CU and the CES was noted by the heads of state. The next stage of the joint work of the experts of the parties is to codify the adopted international treaties and decisions of the CU bodies in order to eliminate conflicts and gaps, as well as to prepare a single international treaty, on the basis of which it is planned to create the Eurasian Economic Union by 2025. Work on codification will include, among other things, agreements on:

- balanced macroeconomic, budgetary and competitive policy;
- structural reforms of labor markets, capitals, goods and services;
- creation of Eurasian networks in the field of energy, transport and telecommunications.

Any production of shoes or other goods must begin with a sales plan, which is developed by the sales (marketing) department. This financial forecast should include the planned sales volumes for the period, the planned selling price and the planned profit for this type of product.

For the mathematical model, such a type of product as children's shoes was chosen. In the Southern and North Caucasian federal districts, there is no production of this type of product, and, consequently, all products are imported. Establishing production in our region is considered cost-effective and expedient.

But in industrial production, it is necessary to know the point in time when it is necessary to stop producing a given shoe model and switch to a new model or produce another model in large volumes

(product diversification). For this purpose, you can use such an indicator as price elasticity. It shows the percentage change in sales as a result of a 1% price change and can be compared across different brands. The price elasticity related to the sales function considered here has the following properties:

- its absolute value increases as the positive or negative values of deviation from competitors' prices increase;
- the sales function under consideration does not prescribe an unambiguous dynamics of price elasticity over time (it can increase, decrease or remain unchanged);
- since the influence of absolute prices is not significant, that is, price changes do not lead to a decrease in primary demand, but to a change in market share, direct price elasticity and cross price elasticity (percentage change in sales with a one percent change in competitors' prices) coincide in magnitude and distinguish they are not needed.

At the first stage of building the model, we will predict the ideal scheme for the sale of children's shoes by the manufacturer through the store. The company incurs additional costs for hiring staff and renting a trading pavilion. The amount of additional costs may vary and depend on market conditions. We summarize the initial data of the ideal model in a table.

Forecast of sales volume for 1 month (25 working days) (table 4).

The volume of sales increases by 5 pairs per day. The company will start making a profit on the 10th day of sales, when the daily sales volume reaches 65 pairs of shoes. Up to this point, the company must sell 360 pairs. If the additional costs of the enterprise grow, then the break-even point will move to the right, therefore, the enterprise will receive a smaller amount of profit (on the graph, the profit is shown as a shaded triangle).

Table 4. Initial data

Indicator, rub.:	Sum
variable costs	302.95
fixed costs	5598.13
Selling price	395
Units sold	2000
Sales volume at the point of sale	5000
Salesperson's salary	5000
Number of sellers	2
Sales area, sq. m	100
Rent for 1 sq. m	100

Let's build a break-even chart based on table 4. Using the break-even chart in this form, we must keep in mind the following:

1. Calculation of break-even conditions and construction of break-even charts are just tools for

analyzing price decisions, but not an apparatus for predicting future commercial results;

2. The break-even chart, as shown in Figure 1, is built on the basis of the possibility of a linear increase in production (sales) volumes without any seasonality.

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Meanwhile, for many types of goods, ignoring seasonality is unlawful. For example, for production, where costs are incurred mainly at the beginning of a long production cycle, and the sale of finished products is only after its completion (this is how, say, a shoe company can work, preparing the entire batch of products for wholesale sales to trading companies on the eve of the new season).

Analyzing the conditions for achieving break-even, we must not forget that this is just an intermediate finish on the way to the main goal -

achieving the highest profitability of sales. When calculating the conditions for achieving break-even or building the corresponding schedules, it is important to correctly set data on the degree of use of production capacities and the conditions for the sale of goods. Let's say the above graph was built for the conditions of full, one hundred percent use of production capacities and full sale of all manufactured products, that is, it characterized the result of the enterprise at all maxima: output, sales, revenue.

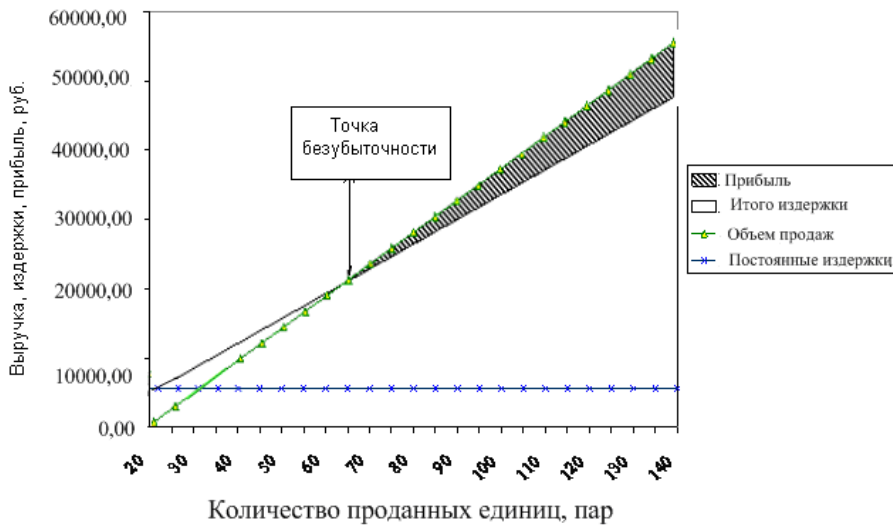


Figure 1– Break-even chart (for children's shoes)

In practice, it is simply dangerous to adhere to such an overly optimistic approach, and all conditions must be adjusted downward. So the use of production capacity should be taken at the level of 75-80%. It

should be taken into account in the calculations and the possibility of settling of part of the manufactured products in stocks due to the slow implementation process.

Table 5. Sales volume of children's shoes

Number	Qty. Steam	Volume of sales	Fast. Costs	Variable Costs	Total costs	Profit	Add. Cost
1	20	7820.00	5598.13	6059	11657.13	3837.13	80
2	25	9775.00	5598.13	7573.75	13171.88	3396.88	100
3	30	11730.00	5598.13	9088.5	14686.63	2956.63	120
4	35	13685.00	5598.13	10603.25	16201.38	2516.38	140
5	40	15640.00	5598.13	12118	17716.13	2076.13	160
6	45	17595.00	5598.13	13632.75	19230.88	1635.88	180
7	50	19550.00	5598.13	15147.5	20745.63	1195.63	200
8	55	21505.00	5598.13	16662.25	22260.38	755.38	220
9	60	23460.00	5598.13	18177	23775.13	315.13	240
10	65	25415.00	5598.13	19691.75	25289.88	125.12	260
11	70	27370.00	5598.13	21206.5	26804.63	565.37	280

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12	75	29325.00	5598.13	22721.25	28319.38	1005.62	300
13	80	31280.00	5598.13	24236	29834.13	1445.87	320
14	85	33235.00	5598.13	25750.75	31348.88	1886.12	340
15	90	35190.00	5598.13	27265.5	32863.63	2326.37	360
16	95	37145.00	5598.13	28780.25	34378.38	2766.62	380
17	100	39100.00	5598.13	30295	35893.13	3206.87	400
18	105	41055.00	5598.13	31809.75	37407.88	3647.12	420
19	110	43010.00	5598.13	33324.5	38922.63	4087.37	440
20	115	44965.00	5598.13	34839.25	40437.38	4527.62	460
21	120	46920.00	5598.13	36354	41952.13	4967.87	480
22	125	48875.00	5598.13	37868.75	43466.88	5408.12	500
23	130	50830.00	5598.13	39383.5	44981.63	5848.37	20
24	135	52785.00	5598.13	40898.25	46496.38	6288.62	40
25	140	54740.00	5598.13	42413	48011.13	6728.87	60
Σ	2000	782000	5598.13	605900	745853.25	36146.75	8000

Downward adjustments are also desirable in order to take into account possible disruptions in the process of production, transportation or organization of sales of goods. Let's take the built ideal model for the forecast presented by the marketers of the enterprise. Let's see how the amount of profit will change depending on the influence of seasonality.

The volume of footwear sales grows disproportionately (faster) than in the model

considered earlier (Table 6). With an increased growth in sales, by the end of the month the company will have to produce about 4,000 pairs of children's shoes of this model, but the production program is designed for 2,000 pairs. To reach a new level of production and sales, investments are needed in the purchase of additional equipment and the construction of a new workshop.

Table 6. Sales growth

Day	Qty. even couples, steam	price, rub.	Pair sales volume	Additional . costs	Permanent. Costs, ruble	Variables. Costs, ruble	Total costs	Profit ruble
1	20	395	7820	80	5598.13	6059	11657.13	-3837.13
2	25	395	9775	100	5598.13	7573.75	13171.88	-3396.88
3	30	395	11730	20	5598.13	9088.5	14686.63	-2956.63
4	5	395	13685	140	5598.13	10603.25	16201.38	-2516.38
5	40	95	15640	160	5598.13	12118	17716.13	-2076.13
6	46	95	17986	184	5598.13	13935.7	19533.83	1547.83
7	53	395	20723	212	5598.13	16056.35	21654.48	-931.48
8	61	395	23851	244	5598.13	18479.95	24078.08	-227.08
9	71	395	27761	284	5598.13	21509.45	27107.58	653.42

Therefore, the management of the enterprise should consider increasing the price by 10% instead of increasing the scale of production in order to reduce the amount of demand to the level provided by the current capacities of the enterprise. Naturally, in this case, the company's management hopes to gain profit

through sales at prices with a higher unit gain (sales price minus variable costs). As it is easy to calculate, it will increase accordingly by 39.5 rubles, that is, it reaches the value of 131.55 rubles or 30.28% of the new price. It is required to check the conditions for the successful implementation of such a policy.

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First, we determine the extent of the break-even reduction in sales after the price increase. The relative break-even change in sales will be (%):

$$BSCp = \Delta P / (CM + \Delta P) * 100 = -39,5 / (92,05 + 39,5) * 100 = -30 \quad (2)$$

where $BSCp$ – break-even increase in sales as a result of price changes, %;

ΔP – price change;

CM – specific gain.

Determining the break-even change in sales in absolute terms, in this case we take as a starting point not the already achieved, but the expected sales volume (after all, it is its achievement that we want to prevent). Then the break-even change in sales is (pairs):

$$BSCa = 4000 * (-0,3) = 1200 \quad (3)$$

Thus, if after an increase in the price of shoes, the volume of its sales is reduced by less than 1200 pairs, then the company will receive a larger profit than before. If the sales volume falls by more than 1200 pairs, then the company will face a reduction in

sales profits (the price effect will be less than the volume effect). We must also take into account the benefit of avoiding fixed cost increases. According to the engineering service of the enterprise, the purchase of equipment that would allow the enterprise to produce up to 4,000 pairs of shoes per month would require expenses in the amount of 100,000 rubles. Therefore, given the averted need to incur such costs, the company will not lose if the price increases even if its sales are reduced by even more than 30%, namely 30% plus the break-even reduction in sales, which nullifies the company's gain from the prevented increase in fixed costs. The calculation of such a complex break-even reduction in sales (in which we show the amount of costs for equipment not purchased, respectively, with a minus sign) gives us the following result:

$$BSCp = -30 + (-100000) / (131,55 * 4000) * 100 = -30 - 19 = -49\% \\ BSCa = -0,49 * 4000 = -1960 \text{ pairs of shoes} \quad (4)$$

To make the economic boundaries of the decision to reduce the price more obvious to us, we summarize them in Table 7.

Let's pay attention, first of all, to options 3, 6 and 8. Option 3 corresponds to a situation where a decline in sales after an increase in prices allows the company to produce the same volume of products, that is, investing in additional equipment is unnecessary. From this point on, the company begins to receive additional profit by saving on semi-fixed costs. Therefore, from this level of sales reduction in column G, the value of the cost of purchasing equipment equal to 100,000 rubles appears. Since these are saved costs, we show them with a minus sign. Option 6 corresponds to the situation when the price effect and

the scale effect balance each other and the gain gain becomes zero. In other words, the increase in winnings after the price increase (39.5 rubles), multiplied by the entire volume of possible future sales (4000 pairs), turns out to be equal to the reduction in the gain, defined as the product of the new absolute value of the gain (131.55 rubles) by the reduction in sales compared to the possible future level (1200 = 4000*0.3). But since the enterprise also saves semi-fixed costs, in fact, at this moment, its change in profit has not yet become zero. She still receives an increase in profit in the amount of the amount of saved fixed costs (100,000 rubles).

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Table 7. Determination of break-even volume of sales when the price increases

=Options	Scales Possible reduction in sales volumes		Change in the total value of the company's gain from sales, rub.			Gain prevented conditionally fixed costs, rub.	Change total profit after price changes (E-W)
	%	couples (4000* %)/100	Increase in the calculation of the possible future sales volume (39.5 * 4000)	Decrease per reduction in sales (131.55*B)	TOTAL (Y+D)		
BUT	B	AT	G	D	E	AND	W
1	0	0	158000	0	58000	0	158000
2	ten	400	158000	-52620	105380	0	105380
3	fifteen	600	158000	-78930	79070	0	79070
4	twenty	800	158000	-105240	52760	-100000	152760
5	25	1000	158000	-131550	26450	-100000	126450
6	thirty	1201	158000	-158000	0	-100000	100000
7	40	1600	158000	-210480	-52480	-100000	47520
6	49	1961	158000	-258000	-100000	-100000	0
9	fifty	2000	158000	-263100	-105100	-100000	-5100
10	60	2400	158000	-315720	-157720	-100000	-57720

And only in option 8 the increase in profits of the enterprise really becomes zero. Only with such a drop in sales volumes - by 1961 pairs against a possible future level of 4000 pairs - does the volume effect fully balance both the price effect and the savings in

fixed costs. So, if a price increase of 10% causes a drop in the number of sales by 50% or more, then the company needs to look for another option for pricing. This can be seen even more clearly in Figure 2.

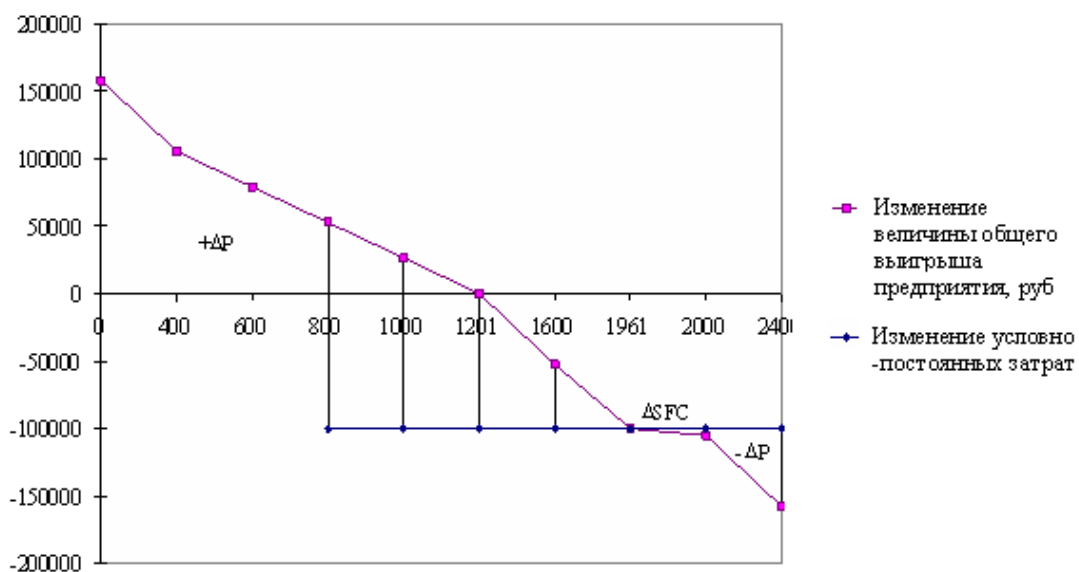


Figure 2. Economic consequences of price increase and avoidance of investment in capacity expansion: +ΔP, -ΔP-respectively, the increase and decrease in the profit of the enterprise; ΔSFC-change in semi-fixed costs.

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As we can see, with a reduction in sales in the range of 0-800 pairs, the company receives additional profit (+ΔP) due to the fact that for each unit sold he receives a larger gain than at the previous price, and its amount exceeds the loss of gain as a result of reduced sales. When the reduction in sales reaches 800 pairs, the situation changes: the profit growth of the enterprise begins to be affected by savings on unrealized fixed costs. Therefore, the break-even point actually shifts from the position of 1201 pairs to the position of 1961 pairs of sales reduction. At this point, the losses due to the volume effect cancel out all the gains from the price effect and avoiding the growth of semi-fixed costs.

If, however, the drop in sales exceeds this limit, then the company will begin to incur direct losses (-ΔP).

As a result of the price increase of 10%, sales of children's shoes increased by 15% from the previously planned sales of 2,000 pairs to 2,300 units. Since the company had a reserve of production capacity, it was able to increase production without additional semi-fixed costs.

Now consider a situation where the company is forced to reduce the price of shoes, as well as incur additional semi-fixed costs.

First, consider the option when the demand for shoes has an elasticity equal to one, and therefore the sales volume increases exactly by as many percent as the price decreases by percent (Table 8).

Table 8. Conditions for the enterprise to break even with a price reduction of 5%

Indicators of change business conditions	Meaning	
	Initial	After price reduction
Price for a pair, rub.	434.5	412.8
Price change, %	-	5%
Specific gain of the company, rub.	131.55	109.8
Win, % of the price	30.28%	26.61%
Break-even change in sales volume, %	-	19.8%
Break-even change in sales volume, pairs	-	455
Total sales, pairs	2300	2755
The total gain of the company, rub.	302565	302565

The break-even change in sales volume is equal to:

$$BSCp = -(-21,7)/(131,55 + (-21,7) * 100 = 18,9\% \quad (5)$$

Thus, a price reduction of 5% will pay off for the company only if the number of pairs of shoes sold increases by 18.9% or 455 pairs.

Let's simulate several scenarios for the development of events, laying in them different levels of elasticity of demand - both less and more than one (Table 8). This will help us analyze the financial implications for the business of the combined decision to lower the price and purchase additional equipment to increase shoe production to meet the increase in demand after the price reduction.

To make the logic of its construction more understandable, let's consider option 3 as an example, in which the increase in the number of pairs of shoes sold (after a 5% price reduction for all the analyzed options) will be 15%. Without calculations, we would estimate such an elastic change in demand as a very favorable scenario. But we'll do the math.

So, a 15% increase in the number of sales will mean that the company will be able to sell 345 more pairs of shoes per month, that is, the number of sales will increase to 2645 pairs. But since they will now be sold at 21.7 rubles. cheaper (not at 434.5 rubles, but

only at 412.8 rubles), then, based on the previous sales volume (2300), the loss of the enterprise (price effect) will be -49967.5 rubles. Obviously, this value is the same for all considered options.

But an increase in sales will bring the company an increase in profits. Since variable costs are not affected by price changes in any way and remain at the same level - 302.95 rubles, the new value of the specific gain after the price reduction will be 109.8 rubles. (412.8-302.95). Multiplying it by the increase in the number of pairs of shoes sold, we get an increase in the profit of the enterprise (volume effect). It for this option will be 37889.63 rubles. (109.8345).

The total resulting change in the amount of the enterprise's gain under the influence of the price effect and the effect of scale will be -12077.9 rubles. (-49967.5 +37889.63).

Since the enterprise could not provide such an increase in output on the existing equipment fleet, it acquired additional equipment, which led to an increase in the amount of its fixed costs per month by 10,000 rubles. This, accordingly, leads to an even

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greater reduction in the value of his winnings. It for this option will be -22077.88 rubles.

Therefore, this option, despite a 15% increase in the number of pairs of shoes sold, will be unsuccessful for the enterprise. His monthly winnings will be reduced by -22077.88 rubles.

The company will be able to receive an increase in the gain only if the increase in the number of sales is more than 23.7%.

But let's pay attention to option 7, where we simulated the most favorable development of the situation - an increase in the number of sales by 40%, or by 920 pairs of shoes. Such an increase in volume

by the enterprise can be achieved with additional fixed costs in the amount of 20,000 rubles. But the gain in this case will turn out to be the largest of all the options considered, which will be ensured by an extremely large value of the volume effect - it will bring the company an increase in gain in the amount of 31,071.5 rubles.

Let's go back to our sales forecast. As a result of a price reduction of 5%, sales increased by 39.1% and amounted to 3,200 pairs of shoes per month. The company was also forced to purchase additional equipment (10,000 rubles) in order to increase sales.

Table 9. Modeling the financial impact of lowering the price and purchasing additional equipment

Options	The scale of the possible changes in sales volumes, %	The increase in the number of sold goods, steam, 2300*B/100	Change in the total value of the enterprise's gain from sales, rub.			incremental fixed costs per month, rub.	Change in total profit after price change, rub. (HEDGEHOG)
			Reduction in calculation to the previous volume sales (21.7*2300)	Increase in calculation for sales growth (109.8*V)	TOTAL (Y+D)		
BUT	B	AT	G	D	E	AND	W
1	0	0	-49967.5	0	-49967.5	0	-49967.5
2	10	230	-49967.5	25259.75	-24707.8	10000	-34707.75
3	15	345	-49967.5	37889.63	-12077.9	10000	-22077.88
4	19.8	455	-49967.5	49967.5	0	10000	-10000
5	23.7	546	-49967.5	59967.5	10000	10000	0
6	30	690	-49967.5	75779.25	25811.75	10000	15811.75
7	40	920	-49967.5	101039	51071.5	20000	31071.5

Consider another situation where the variable costs of a product (a pair of shoes) change. Let's turn to the above BSCp formula. To do this, we need to simply subtract the change in variable costs from the price change before calculating the break-even sales change (%). Let us also pay attention to the fact that,

$$BSCp = -(\Delta P - \Delta VC) / (CM_0 + (\Delta P - \Delta VC)) * 100 \quad (6)$$

where $BSCp$ – the value of the break-even increase in sales, %;

ΔP – price change;

CM_0 – the former absolute value of the specific gain;

ΔVC – change in the value of variable costs.

$$\Delta CM = (\Delta P - \Delta CV) = -21,7 - (-15) = -6,7 \quad (7)$$

in contrast to the calculation that we carried out for an isolated price change, in this case the values used for the calculation must necessarily be expressed in absolute monetary units (in rubles or another currency). And then the equation will take the following form:

Returning to the problems of our enterprise, we use this formula to calculate the break-even increase in sales it needs. Suppose changes in variable costs amounted to 15 rubles. Therefore, the change in the specific gain for her will be equal to:

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Since we previously established that the specific gain before the price change was 131.55 rubles, now

nothing prevents us from calculating the break-even change in sales volume.

$$BSCp = -(-6,7)/(131,55 + (-6,7)) * 100 = 4,85\% \quad (8)$$

In physical terms, this will be respectively:
23000.0485 = 111 pairs

Now let's turn to the analysis of the impact on the break-even increase in sales of possible changes in fixed costs. The formula for calculating this effect is as follows:

$$BSV = \Delta FC / CM_a, \quad (9)$$

where BSV – break-even sales volume, nat. units;

ΔFC - increase in the amount of fixed costs, rub.;

CM_a – specific absolute gain, rub. Since we remember that unit gain is equal to price minus variable costs, we can easily find for this example that the break-even increase in sales volume required to compensate for such an increase in fixed costs is equal to:

$$BSV = 10,000 \text{ rubles} / (412.8 \text{ rubles} / \text{pair} - 302.95 \text{ rubles} / \text{pair}) = 91 \text{ pairs}$$

Now the managers of the enterprise will be able to make a decision, which will depend on the following conditions:

- How likely is it, given the current market situation, to be able to sell the required volume of products every month?

- How great is the danger that the volume of sales will be less and the company will begin to incur losses?

- Is it possible to abandon the chosen pricing strategy and how quickly can this be done?

These are the questions that marketers need to address.

Let's look at the model again. On the 60th day of shoe sales, the price effect ceases and sales begin to decline. The company again decides to reduce the price of products, but demand is less and less responsive to such a change. Here, the enterprise must increase sales through marketing campaigns, brand development, retail merchandising, etc. These activities will increase the maturity stage of the footwear life cycle and generate additional profit.

But when the demand for shoes stops responding to price changes and other non-price factors, the company needs to stop producing this model. At this moment, the elasticity of demand will begin to increase and the maturity stage will move into the decline stage (Figure 10). stages of maturity and from 73 to 100 days at the stage of decline.

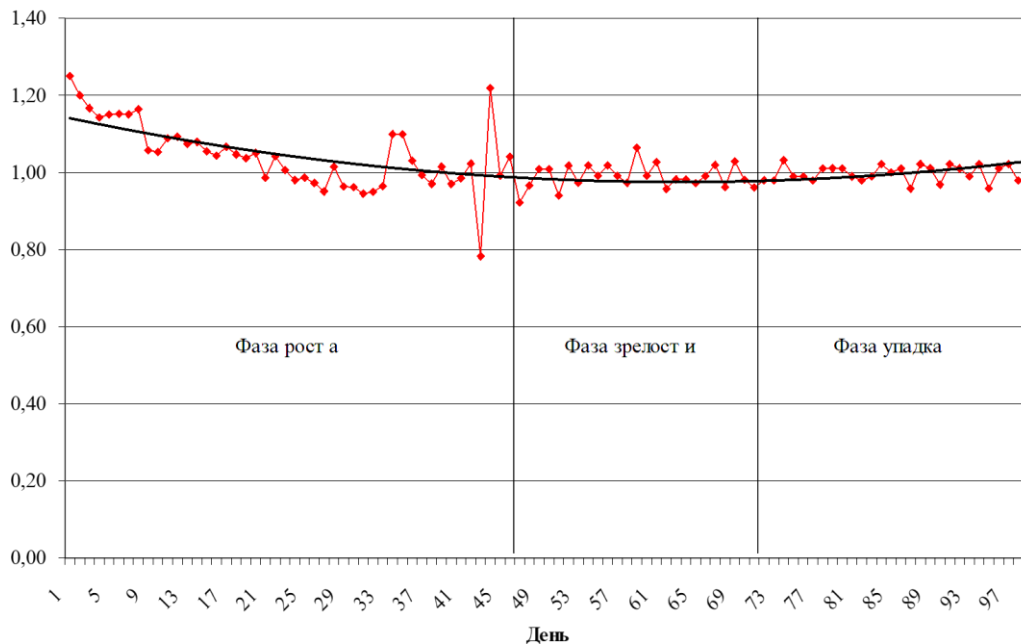


Figure 10 - Elasticity of demand

Let's analyze the change in profits during the life cycle of shoes (Figure 11).

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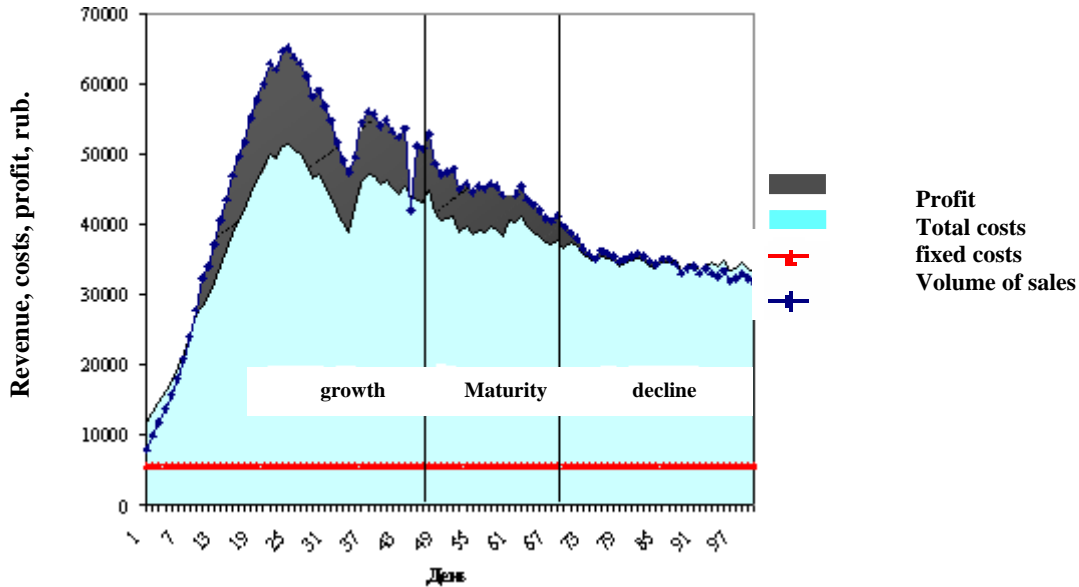


Figure 11- Sales of shoes during the life cycle of shoes

As can be seen from Figure 11, the enterprise received a maximum of profit at the stage of growth and a minimum at the stage of decline.

Let's compare the obtained results with the profitability of 1 pair of shoes throughout the life cycle of a model of children's shoes (Figure 12).

At the stage of growth, the profitability of 1 unit (pair) reaches its maximum value (about 20%), at the stage of maturity it decreases to 15%, and by the stage of decline it reaches its minimum values.

Let's compare the elasticity of demand and the daily sales volume divided by the average sales volume for the period (Figure 13).

The average sales volume for the life cycle was 105 pairs. The maximum excess over the average level is observed at the growth stage. Slightly above

average at maturity and below average at decline. At the stage of maturity, the enterprise had to apply one of the above recommendations to increase sales in order not to receive losses in the future.

Let's add to the graph shown in Figure 7 the break-even sales volume per each day of the life cycle of a shoe brand.

The break-even sales chart intersects with the average sales chart at the stage of transition from the maturity stage to the decline stage. Thus, when the following facts occur in an enterprise for a separate category (model) of products:

- The elasticity of demand increases;
- The profitability of 1 unit of production is reduced;
- Decreasing sales volume

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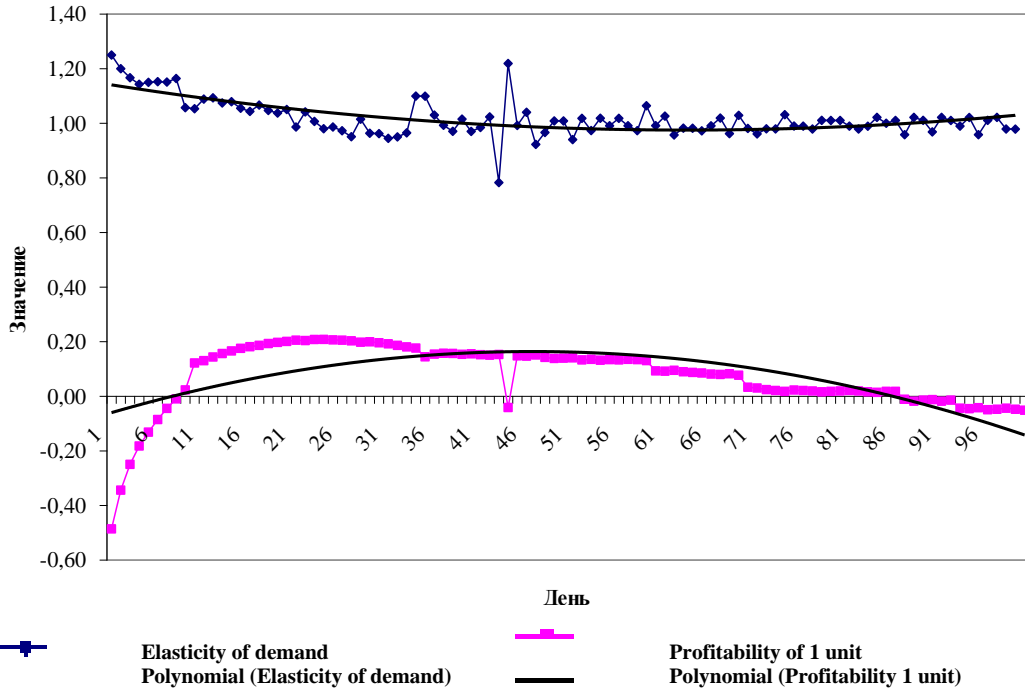


Figure 13 - Elasticity of demand and profitability of 1 pair of shoes, depending on the stage of the life cycle

The sales volume is approaching the break-even sales volume, the company needs to stop producing

this shoe model or upgrade it, that is, to give additional properties necessary for consumers.

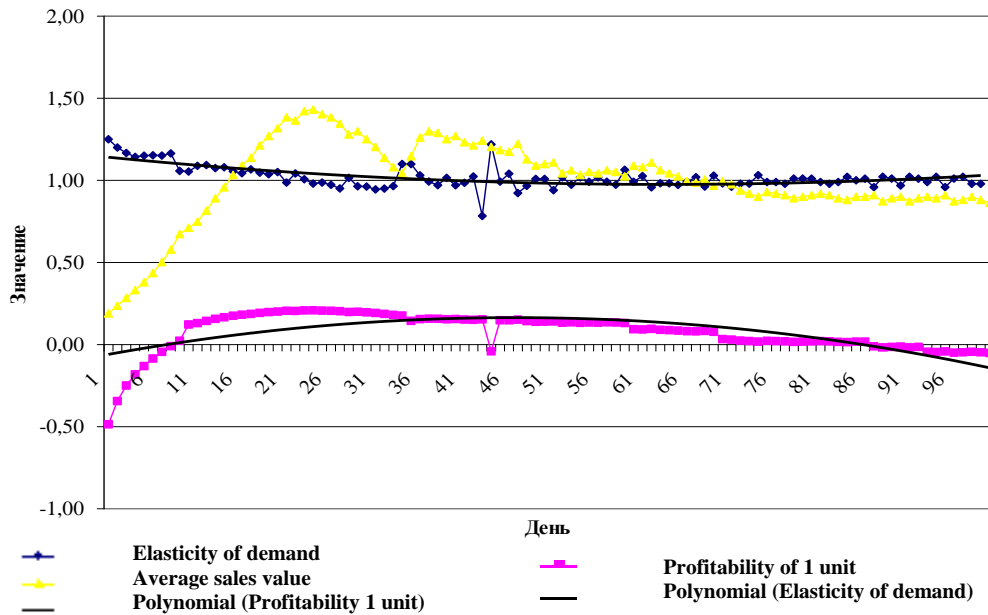


Figure 14 - Daily sales volume divided by average sales volume

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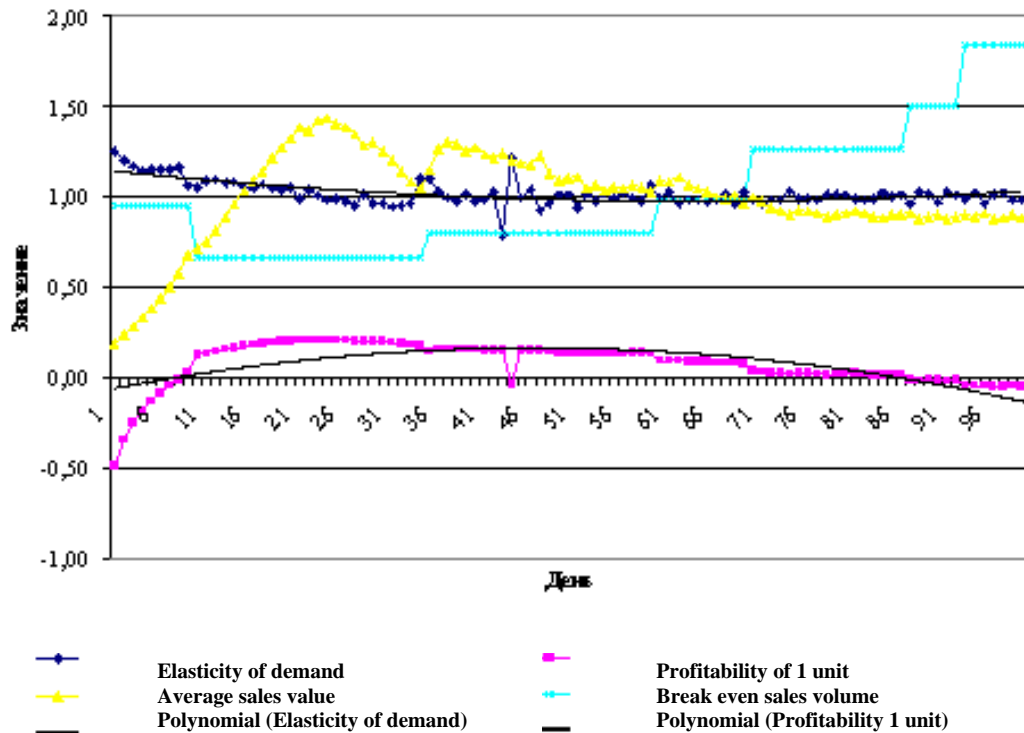


Figure 15 - Break-even sales volume

The company needs to stop the production of shoes of this model in the interval between the 60th and 70th day of sales. Further production will bring losses, as the demand for this model becomes inelastic.

Thus, the activity of the enterprise should be subordinated to the tasks of fulfilling orders. All footwear manufactured by production must be “targeted”, that is, included in specific kazy and have specific buyers.

In implementing such a policy, it is necessary that: The sales company was fully responsible for concluding sales contracts the shoes that were approved for a year, for determining the production volumes for each article, for the correctness of the formed order for production and Sales of manufactured shoes in the scope of the order; production should be responsible for the fulfillment of the order and the quality of the shoes produced; supply - for the supply of allrequired materials to perform order.

In addition, the sales department needs to: draw up and keep records of contracts with customers; form a general order for production for the manufacture of shoes for certain planning periods (for example, a year, half a year, a quarter, a month) in the context of “article - number of pairs” indicating specific ny sizes; "order - article - grade - size - number of pairs", for packing shoes in boxes in the context of "order - type of box - article - size - number of pairs", for shipment of shoes to customers and the availability of shoes in

warehouses in a detailedsection; ensure control of orders in terms of timing and assortment.

Consequently, the assortment policy to ensure the sustainable position of the enterprise will fulfill its mission only if all the services that provide this very policy are interested in them wanting to have a stable financial condition - this will be a guarantee in obtaining stable TEP and the opportunity to feel confident in domestic markets of unstable demand. The transition to a market economy in Russia has posed a number of problems for light industry enterprises, the main of which are adaptation to unusual conditions for them of increasing competition, a reduction in the sales market due to high prices for manufactured products and the problem of non-payments, the difficulty of finding suppliers of raw materials, materials, and limited financial resources, while modern production to ensure the survival of the enterprise must have a number of special qualities: great flexibility, the ability to quickly change the range.

Production, unable to readjust, adapt to the demands of real conditions, often small groups of consumers, is doomed to bankruptcy; technology becomes so complicated that it requires the introduction of new forms of control, organization and distribution of labor. The current planning based on the principle “from what has been achieved” is unacceptable, since a sharp increase in the competitiveness of products is necessary; the structure of the cost of production changes, while due to difficulties with suppliers of raw materials, materials,

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the share of material costs associated with the sale increases; a big problem is to increase the efficiency of the enterprise marketing products. Particular attention should be paid to accelerating the turnover of working capital, reducing excess stocks, and selling products as quickly as possible.

To assess the effectiveness of the production activities of a shoe enterprise, it is necessary to analyze the annual results of the enterprise's work on the production of men's and women's footwear assortment.

Table 10 shows the results of the shoe company for the production of a summer range of shoes.

Table 10. Generalized results of the work of a shoe enterprise for the production of a summer assortment of shoes

Indicators	The value of the indicator for different sales volumes per month, %			
	100	80	60	40
Sales volume, pairs	28168	22534	16901	11266
Sales proceeds, thousand rubles	24033.9	19226.86	14420.58	11266
Unit cost of production, rub.	726.7	726.7	726.7	726.7
Full cost, thousand rubles	20373.34	17265.01	14156.57	11047.32
Including raw materials and basic materials, thousand rubles.	12628.89	10102.96	7577.45	4402.8
Profit from sales, thousand rubles	3660.56	1961.85	264.01	-1434.8
Income tax, thousand rubles	732.112	392.37	52.802	-
Net profit, thousand rubles	2928.448	1569.48	211.208	-
Product profitability, %	15.2	10.2	1.8	-

From the analysis of table 10, it can be seen that in the event of a decline in sales and sales of shoes, less than 60% of the production volume brings losses to the enterprise.

Table 11 shows the results of the shoe enterprise for the production of the autumn assortment of shoes.

Table 11. Generalized results of the work of a shoe enterprise for the production of an autumn assortment of shoes

Indicators	The value of the indicator for different sales volumes per month, %			
	100	80	60	40
Sales volume, pairs	25358	20286.4	15214.8	10143.2
Sales proceeds, thousand rubles	30640.47	24512.37	18.384	12256.19
Unit cost of production, rub.	1024.58	1024.58	1024.58	1024.58
Full cost, thousand rubles	25747.78	21683.33	17618.45	13554.44
Including raw materials and basic materials, thousand rubles.	17105.57	13661.88	10263.34	6842.22
Profit from sales, thousand rubles	4892.69	2829.04	765.82	-1298.25
Income tax, thousand rubles	978.5	565.8	153.16	-
Net profit, thousand rubles	3914.19	2263.23	612.66	-
Product profitability, %	15.9	11.5	4.2	-

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Table 12. Generalized results of the work of a shoe enterprise for the production of winter footwear assortment

Indicators	The value of the indicator for different sales volumes per month, %			
	100	80	60	40
Sales volume, pairs	26114	20891	15668	10445
Sales proceeds, thousand rubles	45032.84	36025.56	27019.46	18012.69
Unit cost of production, rub.	1435.54	1435.54	1435.54	1435.54
Full cost, thousand rubles	37487.78	31183.45	24878.18	18573.85
Including raw materials and basic materials, thousand rubles.	28072.03	22457.8	16842.75	11228.5
Profit from sales, thousand rubles	7545.06	4842.11	2141.28	-561.16
Income tax, thousand rubles	1509	968.42	428.26	-
Net profit, thousand rubles	6036	3873.69	1713	-
Product profitability, %	16.8	13.4	7.9	-

Table 13. Generalized results of the work of a shoe enterprise for the production of a spring assortment of shoes

Indicators	The value of the indicator for different sales volumes per month, %		
	100	80	60
Sales volume, pairs	29661	23728.8	17796.6
Sales proceeds, thousand rubles	31026.82	24821.45	18616.09
Unit cost of production, rub.	890.2	890.2	890.2
Full cost, thousand rubles	26405.04	21576.03	18400.86
Including raw materials and basic materials, thousand rubles.	17648.54	14118.8	10589.1
Profit from sales, thousand rubles	4621.78	3245.42	215.23
Income tax, thousand rubles	924.36	649.1	43
Net profit, thousand rubles	3697.4	2596.3	172.23
Product profitability, %	14.9	13	1.1

These calculations (tables 10-13) indicate that with 100% sales of men's and women's shoes in the specified period of time, not only the costs of production and sales of products are covered, but there is also a profit in the amount of 3697.4 thousand rubles. This testifies to the correct marketing and assortment policy. Product profitability is 14.9%.

In market conditions of management, effective management requires a rational organization of marketing activities, which largely determines the level of use of the means of production at the enterprise, the growth of labor productivity, the reduction of production costs, the increase in profits and profitability. This is due to the fact that marketing activity is not only the sale of finished shoes, but also the orientation of production to meet the effective demand of buyers and active work in the market to maintain and form demand for the company's products, and the organization of effective channels for the distribution and promotion of goods.

In a dynamically changing market environment, the performance of an enterprise, including a shoe one, largely depends on the effective results of the

production, sales, financial and marketing policies of the enterprise itself, which creates the basis for bankruptcy protection and a stable position in the domestic market.

Conclusion

Thus, shoe enterprises should be oriented as external (consumer enterprises, competition, market conditions, etc.) and on internal factors, such as sales volume, profitability, coverage of basic costs, etc. However, it is impossible to take into account and foresee all the situations that may arise when selling shoes, i. some shoe models are not in demand at a certain stage. In this case, another, usually not advertised, side of marketing should appear: if shoes, even without taking into account market requirements, have already been produced, then they must be sold. For this purpose, in order to respond to lower prices of competitors, it is necessary to reduce too large stocks, get rid of damaged, defective shoes, liquidate leftovers, attract a large number of consumers, stimulate the consumption of shoes, using discounts. There are about twenty types of discounts,

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but for shoes the most common are those types of discounts that are used at various levels of the enterprise, sales organizations, and trade. In addition to using discounts, an enterprise can go for an initiative price reduction in case of underutilization of production capacities, a reduction in market share under the pressure of competition from competing enterprises, etc. In this case, the enterprise takes care of its costs, developing measures to reduce them by improving equipment and technology, introducing new types of materials into production, and constantly improving the quality of products. And all this requires large financial costs from enterprises, but, nevertheless, helps to increase the competitiveness of certain types of leather products and the enterprise as a whole. In addition, the greater the number of footwear products produced, the more production costs are reduced, which leads to lower prices, and most importantly, creates such conditions for the functioning of the market that would not allow other competing enterprises to enter it and would cause a positive reaction from consumers.

With the transition to a new economy, improving the quality and competitiveness of leather products has become a strategic task for all leather and footwear enterprises in the country and the regions of the two districts as a whole, it becomes necessary to take into account the laws and requirements of the market when working, master a new type of economic behavior, adapt all aspects of their activities to changing situation, changes in consumer demand should be taken into account with defending the interests of consumers before the industry. The fulfillment of these tasks is possible only on the basis of an in-depth study by manufacturers of domestic footwear products, the needs of individual groups (consumer segments), methods for examining the quality and competitiveness of footwear. The current situation in the shoe industry of the Southern Federal District and the North Caucasus Federal District is not least the result of the inability of many managers of shoe enterprises in the Southern Federal District and the North Caucasian Federal District to quickly adapt to the new requirements put forward by the market, to the competition that has arisen from Russian and foreign manufacturers. Therefore, the current situation provokes the development of a development strategy for the production of competitive leather goods in the Southern Federal District and the North Caucasus Federal District.

Of great importance in the management of output is the assessment of the actual output and sales within the limits of production capacity, i.e. within the boundaries of the "minimum - maximum" volume of production. Comparison with a minimum, break-even volume allows you to determine the degree, or zone, of the "security" of the organization and, with a negative value of "security", remove certain types of products from production, change production

conditions and thereby reduce costs or stop production.

Comparison of the achieved volume of output with the maximum volume determined by the production potential of the organization, allows you to assess the possibility of increasing profits with an increase in production volumes, if demand or market share of the organization increases.

For a shoe company seeking a strong market position, pricing is key to the success of the chosen strategy. The price is a tool to stimulate demand and at the same time is the main factor in long-term profitability. Getting the maximum profit is possible with the optimal combination of sales volume and prices for products. However, it is not possible to sell an unlimited number of units of shoes at the same price. An increase in sales leads to market saturation and a drop in effective demand for products. At some point in time, in order to sell a large number of shoes, it will be necessary to reduce the price.

When developing a pricing strategy, goals related to both profit and sales volume and competition are considered. The price determines the profitability of all activities, not only setting the level of profit, but also fixing through the volume of sales the conditions under which the payback of all costs is achieved (break-even point). The price charged for a commodity directly determines the level of demand and, consequently, the volume of sales under elastic demand. The shoe industry is a material-intensive industry, so the relative value of fixed costs in the total cost of footwear will be small, therefore, the price elasticity of demand is high. This means that a decrease in price must be accompanied by a significant increase in demand for shoes. Too high or low price can undermine the success of the product. In this regard, it is necessary to carry out a break-even analysis. The break-even point is the volume of production at the sale of which the sales proceeds cover the total costs. At this point, the revenue does not allow the company to make a profit, but there are no losses either. Consider the various ratios of sales volumes and prices for manufactured products. Price reduction occurs when a company uses a discount system to increase sales. This event leads to an increase in sales proceeds and additional profit. However, the area of income is not unlimited - when a certain volume of production is reached, its further expansion becomes economically unprofitable. At some point, the positive effect of an increase in sales is lower than the negative effect of a price reduction.

The growth in production and sales is accompanied by a constant price reduction. The minimum allowable price per unit of production, providing coverage of total costs, will correspond to the second break-even point; the maximum allowable - the first breakeven point.

Calculations show that the transition from unprofitable to profitable production takes place with

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a volume of production of women's summer shoes of 5368.4 units - this is the first break-even point, the second break-even point occurs with a volume of production and sales of 16446.1 units. On the field between two break-even points, there is an area within which the optimal ratios of volume, selling price and, accordingly, profit are achieved. The maximum profit will be received when selling products at a price of 1040 rubles, while the sales volume will be 12023 units.

For the break-even operation of the enterprise, the selling price should not be less than the cost of a pair of shoes, which in this case is 842.26 rubles. At a price of 790 rubles. the cost price does not overlap, and immediately there are losses.

When evaluating the consequences of a price decrease on a change in the break-even point, it is necessary to additionally evaluate the effect of a price decrease on an increase in sales volumes. In other words, an increase in prices may affect the decrease in sales in such a way that the additional profit per unit received as a result of the influence of the price factor will be offset by the amount of losses from the decrease in sales. Conversely, the decrease in the sum of the difference between revenue and variable costs per unit of output caused by a decrease in prices can be fully offset by the profit from selling additional volume of production at lower prices.

Thus, the calculated threshold values of production set the area of production and sales of products, within which the break-even activity of the enterprise is ensured, guaranteeing its economic security. The destruction of small and medium-sized towns, which is observed in the regions of the Southern Federal District and the North Caucasus Federal District, is also characteristic of other regions of Russia. Migration, lack of jobs, social problems provoke a deepening crisis and the federal authorities urgently need to change this attitude towards their regions, forming a new economic and geographical approach to their strategic management, highlighting three vectors of priority development for such regions, namely:

leveling (due to the redistribution of resources to equalize the living standards of the population, especially in small towns);

- stimulating (creation of conditions in regions with specific advantages of the formation of social conditions of life);

- geo-economic (ensuring security through the costly development of these regions, taking into account border and strategically important ties with other regions).

Planning belongs to the fundamental features of the history of human life, characterizes the essence of rationality in the form of consciousness. Man, in order to become homo sapiens, has gone through an evolutionary path of 2.5 million years. Our ancestors were homo habilis, homo erectus, immediate predecessors who failed to take advantage of intelligence, African homo sapiens, Neanderthals, Cro-Magnons, the Altaic form of homo sapiens, and perhaps many other forms. Reasonableness is not only the main sign of the quality of modern man, it indicates the vector of development of the species. Labor, sociality arose in the process of natural changes, so it is not surprising that once upon a time "skillful people" lived, who were replaced by "upright people" who assimilated the stable characteristics of "skillful people" is not necessary. The merit of homo sapiens is that, developing his rationality, he was able to give the development of labor the form of labor activity, and social ties the quality of social life. Labor activity has become the basis of human history, society - the form of its organization, rationality - the driving force. Being reasonable is not enough, you need to be aware of the total significance of the mind as the ability to cognize and control activity. All crises in history are the product of a crisis in the rationality of consciousness, its cognitive ability and social responsibility. The concepts of "consciousness" and "intelligence" are different. Intelligence is a sign of a species, consciousness is a sign of a social subject, which can be a person, community - marriage, family, social group, historical form of community. At the same time, consciousness and rationality differ only within the framework of their historically established unity.

Reason is the power of our cognition, consciousness is a means of managing knowledge, it directs and limits activities in the mutual interests of social subjects and the natural conditions for the implementation of activities, therefore science is both a special form of cognition and a social means of regulating the possibilities of applying knowledge.

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