

MANAGEMENT TRENDS IN GEORGIAN ECONOMICS

Georgian national currency exchange rate reevaluates against dollar from the beginning of March of the current year, GEL is quickly getting stronger. It is well-known that during the last year and a half GEL exchange rate was 2.49 GEL, that significantly reduced economic growth. The National Bank actively involved in processes, it purchases USD at the foreign exchange market and tries GEL not to become stronger quickly. The currency rate is still raising. Georgian national bank bought 196 million at foreign exchange auctions during the last two months.

It should be mentioned that GEL is quickly getting stronger and national bank has to buy more dollars in order to maintain stability of the exchange rate. It is approving with the fact that purchase of 5 million dollar, in March, was enough to maintain exchange rate jump, what about May 20th Georgian national bank bought 40 million dollar, and if we analyze existing economic indicators in these conditions, partial improvement of financial data is really marked out. Namely, for January-April foreign trade turnover in Georgia was 3287 million USD, that is 8% greater than previous year's indicator, from this 608 million USD comes to an export, that has 12% decrease, and import makes up 2679 million dollar, that is 12% higher than the same indicator of the previous year.

Negative trading balance of Georgia in January-April of 2016 year equals to 2071 million USD and it is 63% of foreign trading turnout. It should be mentioned, that the largest import-commodity group in January-April of 2016 was drugs, and its import was 723 million USD, that means 27% of the whole import (the main share comes to hepatitis drugs), that was granted to Georgia as a present and this process has not caused outflow of foreign currency. It is important, that foreign money transfers in Georgia in April of 2016 was 94.8 million USD, it equals to 214,7 million GEL, that is 4% higher than the same indicator in April of 2015.

Amounts received from tourism should be also mentioned, it is a continuously growing field in recent years. In 2016 1134 million persons visited Georgia during the three months, that is 14.7% greater than the same indicator in 2015.

Georgian government launched important events to improve the economy, namely taking into account planned

changes in tax code, taxpayers' debt till 2011 will be rallied, moreover debt of 69 700 taxpayers in amount of 14.104 million GEL developed till 2011 will be also rallied. If the taxpayer pays 339.5 million GEL from the main debt developed till 2013 year, sanctions in amount of 632.5 million GEL will be also rallied. The mentioned numbers are reflected at "explanatory note" of the ministry of justice of Georgia, that is attached to the planned changes in "tax code".

The main part of the changes in the code refers to income tax reform, that is based on so called "Estonian Model". According to the model, in case of reinvestment companies are not obliged to pay profit tax, the profit will be taxed only in case it is issued as a dividend.

In addition to this reform, changes are being made in tax administration, namely during tax disputes individual's account will be sequestrated only after the court approval, tax inspection will be conducted by tax authorities. According to the same project, the company, which uses the main facilities in operations subject to deduction with VAT, won't have to pay VAT amount while import of general facilities.

We consider, that decision of ministry of finance of Georgia about electronic labeling of soft drinks (fees for labeling will be based on production amount) is too important. The decision was caused by the factor, that annual turnout of soft drinks per year includes 500 million bottle local and imported product, that should be labeled every year and at the same time it will be an additional income to the budget.

Based on the all above mentioned, it may be concluded, that expectation and confidence of the national currency is being increased, that gives a stimulus to business to plan their economic activity and get a high profit.

The article is indicating economic situation for the period of January-May, 2016 however, the rate of the national currency against the USD has changed into a completely opposite direction, what can be considered as the subject of further study with regard to the summer period. Results of the studies will be provided.

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ANNOTATION

The presented conference article "Economic Growth, Exchange Rate for GEL, Problems, Prospects in Georgia" includes ongoing event in Georgian economic, the special attention is paid to tendency of GEL exchange rate against dollar from March of the current year till the present. It is well-known that during the last year and a half GEL exchange rate is 2.49 GEL, that significantly reduced economic growth. The National Bank has to take a great efforts for maintaining stability of the exchange rate. The other economic trends about conditions of foreign trade turnover in Georgia, monetary transfers, tourism and of other sectors brought out attention as well. Accordingly, Georgian government has launched important measures: Planned changes in the tax law and other ones, those, which are aimed to increased confidence and expectation of the national currency. At the same time it gives a stimulus to business for receiving high profit.