

MTMSD 2022**I International Conference «Modern Trends in Governance and Sustainable Development of Socio-economic Systems: from Regional Development to Global Economic Growth»****STATISTICAL ANALYSIS OF THE HALAL MARKET IN RUSSIA**

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Abstract

Some segments of the market have the opportunity to develop for various reasons against the backdrop of existing economic problems in Russia. So, they include the halal market. If we ignore the crisis phenomena inherent in all sectors of the economy, the halal market is developing due to the growth of the Muslim population, migration from Muslim countries to Russia, as well as still friendly relations with countries where the Islamic factor is of high importance, including Arab, Asian and African states. There are constraining factors preventing even greater development of the halal market in Russia despite the presence of such trends. The purpose of this article is to conduct a statistical analysis of growth reserves and suggest ways to achieve them. The article focuses on demographic, financial and institutional factors. It is important to note that the assessment is focused on the regions of Russia, where the number of Muslims in the population structure ranks first.

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1. Introduction

A halal market is a market that includes goods that are specifically produced to respect religious restrictions in Islamic law. Accordingly, this does not include goods that are allowed for Muslims a priori, such as rice, wheat, etc. Two groups of goods that are most popular in the retail sector in the halal segment should be highlighted: meat and clothing (Filippova et al., 2019; Shovkhalov, 2019).

The meat and poultry market in the retail turnover of Russia in 2020 amounted to 3.3% or 1,117,830.8 million rubles. In my book, I cite data that the market for halal meat and poultry, taking into account the adjustments that will be indicated below, in the market for all meat is about 55,891.5 million rubles. or 5% (Figure 1) (Cherenkov & Tanichev, 2020; Shovkhalov, 2020).

Analyzing these results, it is important to compare them with the number of Muslims themselves, which varies greatly in various sources: from 10 to 20.5%. The reason for this situation is the lack of statistical data in the context of confessional affiliation. But even if we use the minimum share of Muslims in Russia (10%), there is still a gap with the data on the meat and poultry market. If we compare this with data for other countries (Randeree, 2019), then everything is not in favor of the Russian halal meat market (table 1).

Table 1. Comparison of the share of Muslims in the country and the market share of halal meat by country, %

Country	Muslim share	Halal meat market share
Russia	10-20,5	5
France	7,5	15
Great Britain	4,8	25

All this states the need to search for reserves for the growth of the halal market in Russia.

2. Problem Statement

The halal market in Russia is developing due to the growing Muslim population, migration from Muslim countries, and friendly relations with Islamic countries. However, despite these trends, there are constraining factors that hinder its growth. Therefore, there is a need to identify the factors that limit the development of the halal market in Russia and suggest ways to achieve its growth potential.

3. Research Questions

This study aims to address three questions: What are the demographic, financial, and institutional factors that constrain the growth of the halal market in Russia?, What are the growth reserves of the halal market in Russia, and how can they be achieved?, Which regions of Russia have the most significant potential for the development of the halal market, based on the number of Muslims in their population structure?

4. Purpose of the Study

The purpose of this study is to conduct a statistical analysis of the factors that limit the growth of the halal market in Russia and suggest ways to achieve its growth potential. The study will focus on the demographic, financial, and institutional factors that inhibit the market's development. Additionally, the research seeks to identify the growth reserves of the halal market and determine which regions of Russia have the most significant potential for its development. Ultimately, this study aims to provide insights into the halal market's development in Russia and inform policymakers and businesses about the opportunities and constraints in this market segment.

5. Research Methods

To conduct a statistical analysis of the halal market, consider the following components:

- i. demographics;
- ii. finance;
- iii. institutions.

It is important to emphasize that the analysis must take into account the fact that the study is conducted in countries where Muslims are a minority (Alam, 2019; Idrisov, 2021). That is why the analysis of some indicators will be based on the statistical data of the Republic of Dagestan and the Chechen Republic, since our goal is to identify trends and gaps between actual and maximum possible economic indicators.

It is also important to note that there is no data on the Russian halal market in the scientific literature and statistical collections, which is why the article uses data collected on the basis of the interview method.

I will conduct a statistical analysis on the halal meat market, taking into account the complexity and consistency of the goal. Firstly, it is most susceptible to the influence of the religious factor, and secondly, its capacity occupies one of the leading places.

6. Findings

The population of the Russian Federation over the past 30 years has been about 146 million people (figure 1).

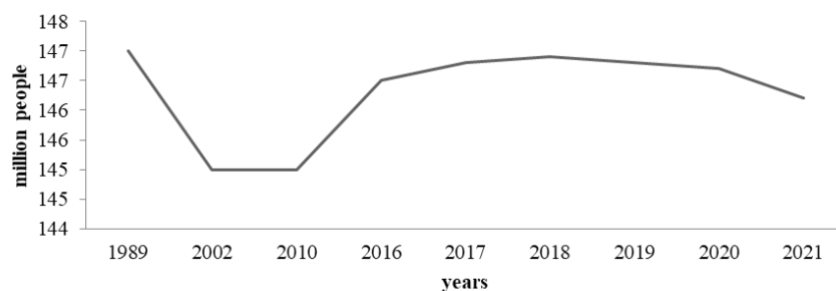


Figure 1. Population dynamics in Russia in 1989–2021

Let us consider in more detail the demographic situation in Russia in relation to the topic under discussion. Thus, only in the North Caucasian Federal District and Sevastopol in 2021, an increase in population was observed (Table 2).

Table 2. Population growth in Russia over 7 years by federal districts, thousand people

Federal district	2018	2019	2020	2021	For 7 years
Moscow	108,8	62,8	-23,0	-19,6	437,9
North Caucasian	43,3	64,2	36,4	30,0	338,3
St. Petersburg	32	14,2	-13,7	-6,8	185,8
Central	66,6	55,5	-182,6	-146,6	152,9
Sevastopol	6,5	5,9	60,9	12,1	123,1
Southern	13	11,5	16,4	-47,6	107,7
Northwestern	20,1	9,9	-40,0	-40,9	57,5
Ural	-6,1	10,6	-31,3	-34,5	19,1
Far Eastern	-34	-19,4	-45,2	-32,8	-177,1
Siberian	-57	-54,9	-114,5	-114,5	-365,5
Volga	-145,4	-109,5	-216,9	-226,6	-871,2

Between 2015–2021 Moscow and the North Caucasian Federal District showed the largest population growth. Considering that in the North Caucasian Federal District the majority of the population professes the Islamic religion, we can talk about a faster growth in the number of Muslims compared to other confessions.

Migration also indicates a faster growth in the number of Muslims in Russia due to this factor (Figure 2).

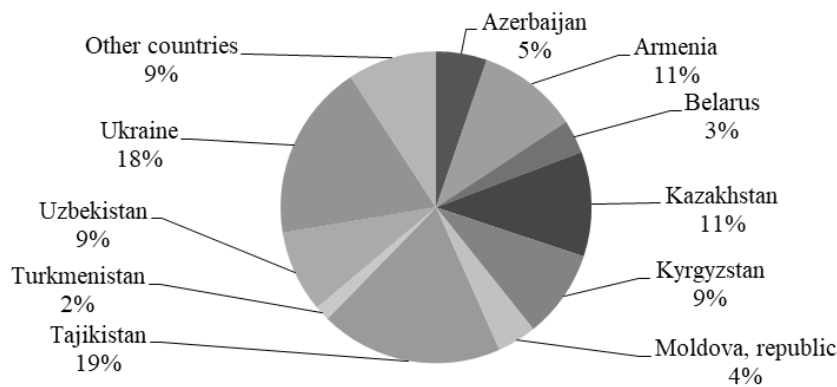


Figure 2. Structure of countries of migrants entering the territory of Russia

About 91% of migrants who arrived in Russia are residents of the Commonwealth of Independent States. At the same time, in 2021, about 379,916 are migrants from Muslim countries, which is almost 57% of all foreign citizens who arrived in Russia.

If we consider the data on migration in the context of federal districts, it is noticeable to which regions of Russia representatives of certain Muslim countries go (Table 3).

Table 3. Migration growth from Muslim countries in the context of Muslim countries, thousand people

Federal district	Azerbaijan	Kazakhstan	Kyrgyzstan	Tajikistan	Turkmenistan	Uzbekistan
Central	5,6	6,9	7,7	28,5	2,8	9,7
Northwestern	2,8	5,3	3,9	6,1	0,4	3,1
Southern	2,9	5,1	1,4	4,2	1,5	3,6
North Caucasian	2,2	0,9	0,5	1,0	0,2	1,2
Volga	3,8	6,7	3,2	16,8	2,0	8,2
Ural	3,3	7,8	3,9	18,3	0,0	2,1
Siberian	2,3	14,4	8,6	16,2	0,2	4,2
Far Eastern	0,8	1,3	13,4	5,6	0,0	4,0

I note that only in three regions was there an excess of natural increase over migration outflow: the Chechen Republic, the Republic of Dagestan, Tyva.

Considering that Muslims are the youngest representatives of humanity in the world, it becomes clear that the structure of the population in terms of age groups plays a big role. In Russia, the median age is 40.8 years, with the structure as follows (Figure 3).

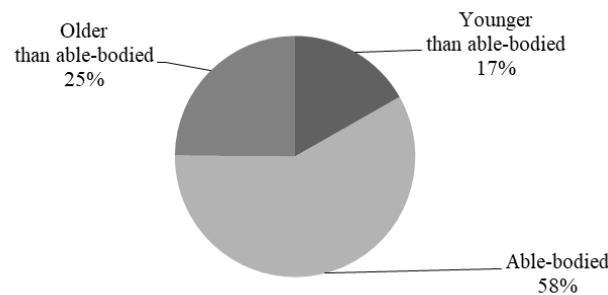


Figure 3. The structure of the population of Russia in the context of working capacity

Restraining the development of the halal market is the financial segment. The fact is that credit funds with fixed payments are prohibited in Islamic law. The topic of usury is reflected in a huge number of scientific articles (Benaicha, 2020; Suharto, 2018; Sabuni, 2014), so here we will only reflect the potential for the development of the halal market in Russia (Yuzef, 2021).

It should be noted that the Muslim population has savings that can be accumulated in the Islamic finance industry (Figure 4).

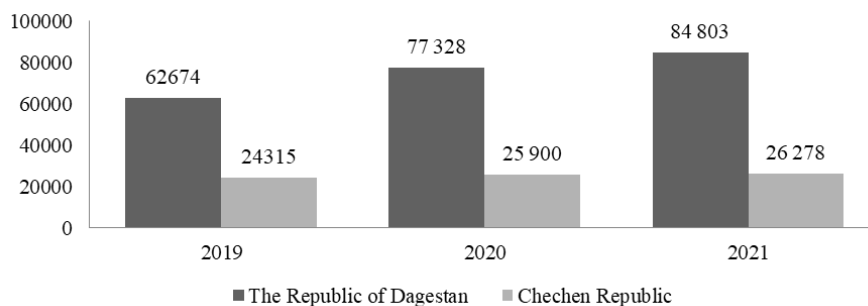


Figure 4. Deposits in Russia attracted by credit institutions, million rubles

In addition, the Muslim population actively uses loans (Tables 4, 5).

Table 4. Loans issued in the Republic of Dagestan at the beginning of the year, million rubles

Loan type	2020	2021	Deviation	Growth rate, %
Loans to legal entities	24759	28819	4060	116,4
Loans to individuals	57004	70177	13173	123,1
Housing loan	11738	17272	5534	147,1

Table 5. Loans issued in the Chechen Republic at the beginning of the year, million rubles

Loan type	2020	2021	Deviation	Growth rate, %
Loans to legal entities	21880	23249	1369	106,3
Loans to individuals	28721	34426	5705	119,9
Housing loan	2576	5422	2846	210,5

The law on partner financing activities, which is being considered in the State Duma of the Russian Federation, should contribute to the development of the Islamic finance industry and the halal market, as it operates entities that strictly observe religious restrictions. At the same time, the development of Islamic finance is also the development of risk management, audit, capital market, etc., which the financial sector cannot do without (Azmi et al., 2017; Hanefah et al., 2020; Hasan et al., 2020).

The last factor that can positively influence the growth of the halal market in Russia is institutional.

First, there has been an increase in religiosity among Muslims for a long time, as evidenced by various surveys that I have conducted over many years of research (Figure 5).

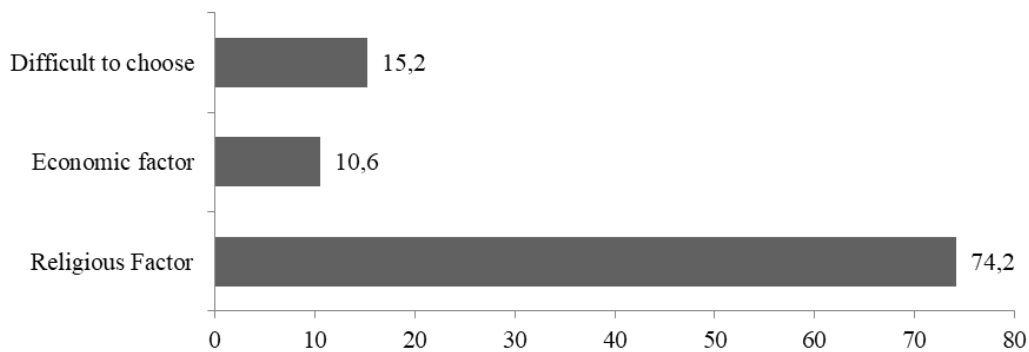


Figure 5. Results of a survey of the choice of the dominant factor in the choice of goods among Muslims, %

Secondly, a project technical committee on standardization "Halal Products and Services" has now been established, in which I am a member, which should reduce the level of violations in the field of standardization and certification of halal products.

Thirdly, more and more educational platforms for professional training in Islamic economics are appearing in Russia, which is relevant all over the world (Chong & Balogun, 2017). For example, 2 years ago I created the author's course "Islamic Economics", a huge number of businessmen took this course.

7. Conclusion

Comparing these data with the presence of existing credit institutions and their divisions, it should be noted that in the Chechen Republic in 2022 there are 2 branches of credit institutions, 1 representative office, and 46 additional offices; in Dagestan in 2022 there are 2 head offices of credit institutions, 3 branches, 1 representative office, and 82 additional offices. At the same time, the scale of the Islamic finance industry and these banks are not comparable.

As a result, it can be observed that by 2021 the market for halal in Russia has increased, but the potential is still great, as evidenced by:

- i. the growth of the dynamics of the Muslim population in the structure of the population of Russia;
- ii. comparative figures for other countries where Muslims are not the dominant group in the structure of the entire population;
- iii. the structure of migration to Russia, which consists of more than half of the citizens of Muslim countries;
- iv. legislative changes that contribute to the development of the Islamic finance industry, and hence the halal market;
- v. increasing the religiosity of the population, which is confirmed by sociological surveys.

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