

Study Says State Inspections Cost 1.5% of GDP

By [The Moscow Times](#)

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Government inspections of businesses cost the Russian economy 1.5 percent of gross domestic product annually, Vedomosti reported Thursday, citing a study carried out by scientists of the Higher School of Economics.

According to the research, in 2011 law enforcement authorities and other state agencies conducted more than 3 million inspections of companies and sole proprietorships. These cost about 800 billion rubles (\$25.6 million), of which 47 billion rubles (\$1.5 million) were spent by state agencies, while the rest was business expenses.

Despite such enormous spending, the checks did not make the companies observe the law, the study read. The main reason is that government agencies punish both those who violate the law and those who do not.

But major penalties are not imposed for most offenses, that is why businesses are not afraid

to violate some articles of the Administrative Code. The average forfeiture costs legal entities 75,000 rubles (\$2,400) and individuals are fined 14,000 rubles (\$448) on average.

Vladislav Kurochkin, first deputy head of the Opora Rossia business lobby, told Vedomosti that most requirements imposed on business, such as health and construction standards, were out of date. This makes it impossible for companies to implement them, he said.

As a result, businesses lose 30 billion rubles (\$9.6 million) a year because of red tape, Kurochkin said.

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