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Putin Offers $3Bln for 'Acute Problems'

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An additional 91 billion rubles ($3 billion) will be funneled into the federal budget by year's end to "solve a number of acute problems without waiting until January," Prime Minister Vladimir Putin said at a Presidium session Tuesday.

Putin, who made the announcement after consultations with Finance Minister Alexei Kudrin shortly before the session, ordered the government to adjust spending accordingly so the money would go directly to support a housing program, Russian Railways and economic zones.

He also promised state guarantees to kick-start investment projects in Chechnya.

While a combination of anti-crisis measures and savings has brought in additional money, government spending has increased by 44 billion rubles this year, leaving the budget in the red.

Still, government officials seem optimistic about reducing the budget deficit and keeping

inflation at bay.

Earlier Tuesday, Putin told a VTB investment forum that Russia was on course to start slowly reducing the budget deficit, currently at 5.3 percent of gross domestic product, or 2.38 trillion rubles ($79.2 billion), and to bring it down to zero over the next five years.

“We are now living through a historical moment with the lowest inflation since the beginning of 1990s,” Kudrin said at the forum.

A jump in inflation over the past two months is something the government considers a one-off phenomenon, Kudrin said, sticking firmly to his forecast to curb both inflation and the budget deficit.

Among the projects that the government considers its top priorities, Putin singled out the following:

- A total of 25 billion rubles for the Housing and Public Utilities Assistance Fund to help relocate those living in rundown housing. The funds come shortly after President Dmitry Medvedev visited Kamchatka, in the Far East, and told the governor to “wind up” local bureaucrats to speed up the relocation process.
- Russian Railways will receive 40 billion rubles for its investments plans. The tariffs on freight rail transportation have increased by 10 percent, Putin said Tuesday. The growth was prompted by a need to stimulate the national economy but give the state-run rail monopoly “the right to count on state support in the development and reconstruction of its infrastructure,” Putin explained.
- The government also will allocate 11 billion rubles to create special economic zones, including one in Tolyatti in the Samara region.

Putin also spoke about new investment projects in Chechnya, saying the republic would receive 3.8 billion rubles' worth of state guarantees for loans for the projects.

The announcement came on Chechen President Ramzan Kadyrov's 34th birthday.

“Today is Ramzan Akhmatovich’s birthday," Putin said at the Presidium session. "The fact that billions in subsidies are being allocated today is a coincidence but pleasant for the republic."

Kudrin told reporters after the presidium session that Kadyrov had approached the government for help with investment projects two years ago, and the federal government promised to assist by taking on certain market risks and selecting projects. Once the state guarantees are approved, some investment projects will get under way this year.

“Currently we have selected 15 billion rubles' worth of projects," Kudrin said. "The first [ones] for a total of 3.8 billion [rubles] are at the highest stage of readiness. It is now an issue of state guarantees."

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